

# REFERENCE

**CO-OPERATORS AND RURAL UPLIFT.**

## **ESSENTIALS OF RURAL DEVELOPMENT.**

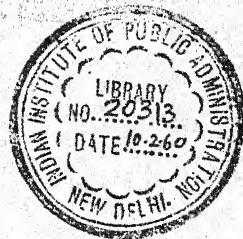
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BEING THE RE-PRINT OF A PAPER SUBMITTED TO THE  
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BY

**E. V. S. Maniam.**

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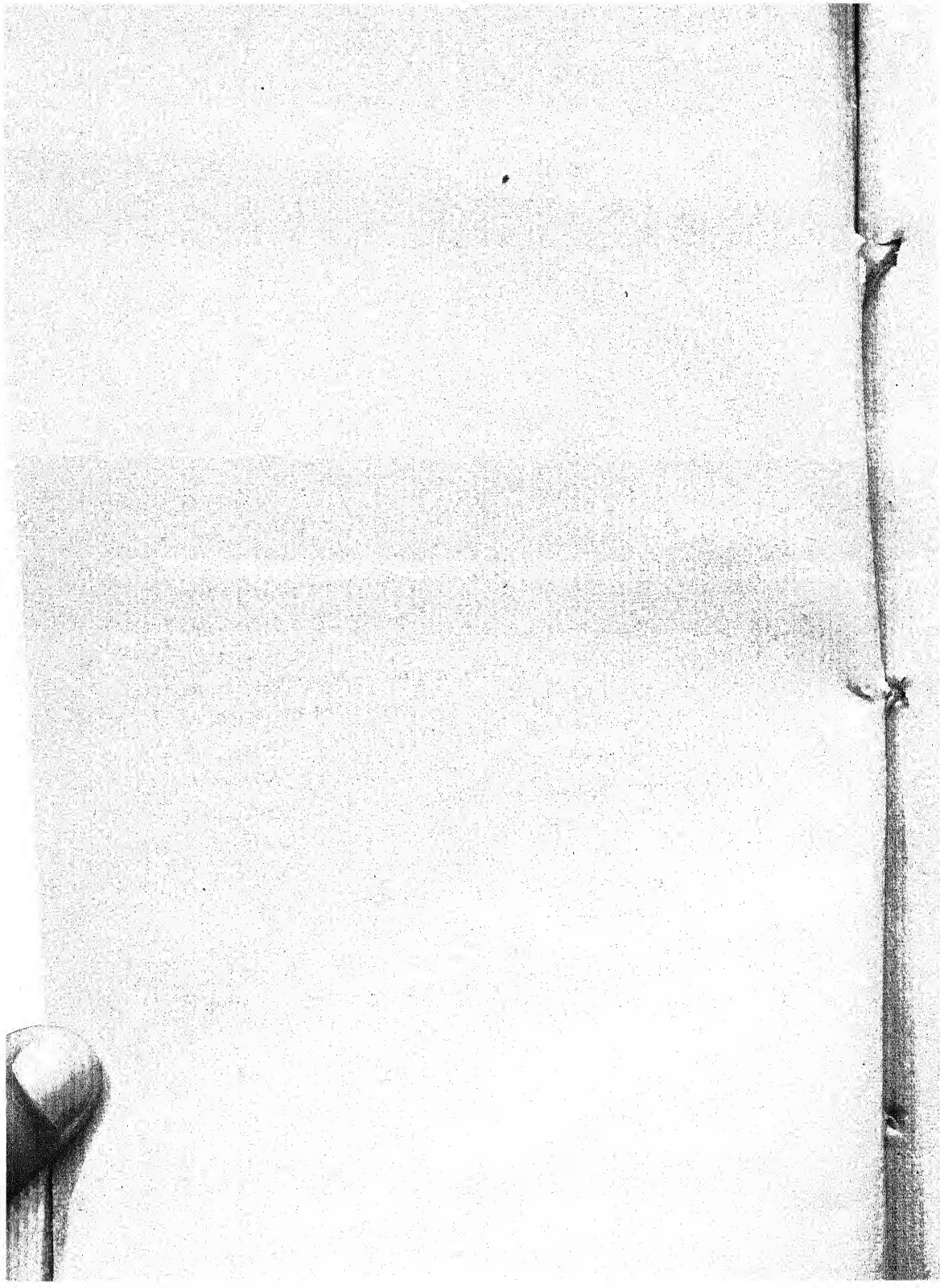
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## CO-OPERATORS AND RURAL UPLIFT.

Friends and Fellow-Co-operators,

On every side there is talk of War, and rush to armaments. Chaos, confusion, aggression, and open war-fare are the order of the day. After 1917, Abyssinia and China are only like an "interlude", and the feverish activity of nations only indicates too well, the shape of things to come. Bombs, tear-gas, machine-guns and other missiles are yearning for a deadlier conflict. Amid such ugly features, we need hardly justify a meeting of Peace-Loving Co-operators, to evolve a scheme for restoring harmony and good-will, for it is clear that the world cannot stand the struggle any longer. There is a limit to everything. Even the warring nations, economically weakened and physically gone down, must pause and take stock of the situation.

In the past we have seen the regimes of different powers. Military despots like the Caesars could not retain their sway and their iron governance had its end. Statesmen and politicians equally failed to maintain Law and Order with all their tact and tenacity. Religious heads like Buddha and Saints Paul and Peter, too, were helpless to save the world that hath sunk so low, consumed by sin. Ambitious Napoleons and Kaisers, did not succeed in establishing their imperialist regime and holding their sway. Fascism, communism, and every conceivable -ism has alike been a failure. And the present is the Era of Mammon. Money-power now stands supreme and man-power has dwindled down to a negligible factor. Mammon is the greatest enemy of man, but he too must fall with his sword sooner or later, much sooner than later.

What is all this trouble due to? "More" is the word—mortal man's mania for more. Man wants to enrich himself. He denies to his brother that which is legitimately his due. Individuals are out to exploit individuals, and nations do likewise. And

in the inevitable skirmish, the poor grows poorer, and the rich richer. And among the Nations, the bigger wants to swallow up the smaller, and the mightier the weaker. Some want "markets", and others are in need of "raw materials", and yet another section argue solemnly that "theirs is a campaign for civilizing barbarians", while another group calmly contend that "theirs is only a struggle for existence" for "how can they be expected to remain in saintly silence and die of hunger, while things are in plenty in the near neighbourhood".

The gulf of disparity is thus widened, and has almost become unbridgeable. Each cherishes his grievance, real or unreal, and the stronger readily takes the Law in his hand, and the weaker has to meekly succumb. While the men at the helm talk and thunder, the masses at the bottom are left to themselves, to suffer and to starve. The trouble exists not only in those areas where there prevails an apparent disorder, or open rebellion, but even there where calm and quiet is externally visible, all is not well. The peace and order, that is seen on the surface, is no peace at all. It is only the quietude of the grave. The grovelling poverty and misery, the discontentment and dissatisfaction are writ large, deep-rooted and growing fast and furious. They only wait for an opportunity to explode, burst out all of a sudden, and destroy everything in its *nemesis*. Everywhere, whether it be in the East or in the West, things are heading to a crisis, and thinking men should ponder deep over the measures that are to be adopted to avoid a still greater catastrophe.

### **The Problem of India.**

For this short address, I would like to take up India, my own country, and will discourse on some of the crying needs that call for attention. "Village Uplift" or "Rural Development" is an essential factor particularly to the growth of a country like India, which is predominantly a land of villages. The conditions of Rural India are appalling, and require Herculean efforts to be reconstructed. Let the Co-operators take this up in earnest, and

do their duty towards the dumb millions. Let them play their role in this sphere, and they would have played it well. They would have solved the problem of India, and to an extent, the problems of the world.

India, Gentlemen, is a very big country. She is not merely a part of Asia, but is a continent in herself. The total area of the country is about 1,808,679 sq. miles, more than 20 times the size of Great Britain, or the whole of Europe without Russia. The population is great and is growing rapidly, and totals 360 millions, which is more than one-fifth of the population of the world. Ours is essentially a land of villages. There are only 29 cities with a population of 1,00,000 or over, and 2,100 towns with a population of between 5,000 and 10,000, while the number of villages is not far short of half a million. 11% of the population are classed as urban and 89% as rural: and only less than 3% reside in cities of this size (1,00,000). Over 40% of the rural population live in villages with under 500 inhabitants, while about 45% live in villages of a population between 500 and 2,000. The average village population for India as a whole is roughly 450. The majority of the people are agriculturists, peasant cultivators, who live in the interior, tilling the soil and leading a quiet life. 74.4% of the population are dependent on agricultural or pastoral pursuits for their mainstay. Our problem thus is a rural problem and any endeavour to tackle the affairs of a country like ours, should have a rural origin.

The people, the majority inhabiting the rural areas, are far more backward than those living in other parts. They are for the most part ignorant and illiterate, and have not been much affected by the surging tide of the so-called civilization that is sweeping the world over. Their wants are few, and they lead very simple, rather primitive lives. Still they are subjected to every kind of tyranny and oppression. Various factors which we will have occasion to describe in detail shortly, force them to lead a miserable, nay pathetic life. A good proportion of them have to endure starvation. The pestering poverty of the population



has almost become proverbial. To quote the telling words of Prof. Rushbrook Williams, Director of Public Information to the Government of India: "A considerable portion of the masses of the Indian population is still beset with poverty of a kind which finds no parallel in the history of the world". \*

Due to mal-nutrition and other factors, they fall easy victims to any and every passing wind of an epidemic, that devastates the country by lakhs every year. "Mal-nutrition" says the Health Commissioner in his recent Report (1937) "is the chief cause for many a serious type of disease prevailing in the country.....the appalling poverty of the masses is responsible for the havoc caused by numerous diseases. Their diet is defective, quantitatively and qualitatively owing to this cause. Under-feeding for generations has sapped the vitality of the people and lowered their capacity for resistance to disease germs." The death rate in India is the highest in the world. For British India, according to the last Census it was 24.5 per 1000; the corresponding figures for the United Kingdom were only 12.5, France 16.3, Germany 11.5, U. S. A. 11.3, and Japan 18.17. The mortality among children is greater still. The death rate of children between one and five years of age was as high as 666 *per mille* in Bombay in 1921. The corresponding figures for other cities like New York, London and Paris are only 71, 80 and 95. The total death of children in India under 10 years comes to the colossal figure of 30 lakhs a year. The longevity of life of an Indian is only 24.7, while that of an Englishman is 51.5, German 47.4, and Frenchman 48.5. No wonder the population of India during the last 42 years (from 1872—1921) has grown up only by 20%, while in Europe it has gone up by 47%. It is not that India has a low birth rate, her birth rate is the highest. The average birth rate for British India has been 32.9 per thousand persons. The figures for other countries are : Great Britain 16.3, France 17.4, Germany 17.5, U. S. A. 18.9. There is nothing surprising in this, as the Health Commissioner says:



"It is a well-known phenomenon that people with a low standard of living multiply more rapidly than those with a high standard".

The present is the industrial era. And when the world around is going quickly industrialized, we are turning back, are being virtually driven to the lands again. According to the Census of 1901, the population dependent on agriculture was only 50.8%, but it rose to 71.3% in 1911, and to 73% in 1931, while in Denmark the percentage of agricultural population fell from 71 to 57 between 1880 and 1921, in France from 67.6 to 53.6 between 1876 and 1921, in Germany from 61 to 37.8 between 1875 and 1919, and in England and Wales it fell from 38.2 to 20.7 between 1871 and 1921. During the last 40 years the number of persons engaged in agriculture in India has increased by over 18 millions from 90,957,549, in 1901 to 109,730,788 in 1931. The total number of persons supported by industries of all kinds in 1921 was 10.49% of the whole population, while in 1931 it fell down to 9.7%. The number actually engaged in the industries to the total population formed 5.6% in 1911, 4.9% in 1921, and 4.4% in 1931. The income of our agriculturists is the lowest in the world. The *per capita* income from agriculture in India is only Rs. 49 as against Rs. 129 in Sweden, Rs. 162 in the United Kingdom, and Rs. 213 in Canada and Rs. 175 in the United States. The proportion of the working population engaged in all classes of industries including mining is 10.2% in India, as against 47% in the United Kingdom, 32% in U. S. A., 25% in Canada, 41.3% in Germany, 33.3% in France and 19.5% in Japan. The *per capita* income from industries is only Rs. 12 in the case of India while it is Rs. 158 in Japan, Rs. 384 in Sweden, Rs. 470 in Canada and Rs. 721 in the United States.\*

Rightly did Frederick List give out his axiom: "In a

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\*In U. S. A. and Great Britain only 14 and 7 million people are employed in industry and they produce an industrial wealth worth Rs. 9 and 12 thousand crores respectively, whereas India employing 15 million men in industry only produces, industrial wealth even less than Rs. 0.5 thousand crores. India employs more number of hands in her industry than U. S. A. and produces 18 times less worth of industrial wealth i. e. in U. S. A. a man earns in a year what a man in India earns in 18 years i. e. 3/4th of his life.—Mrs. Vera Anstey, *Economic Development of India*.

country devoted to mere raw agriculture, dullness of mind, awkwardness of body, obstinate adherence to old notions, customs, methods and processes, want of culture, of prosperity and of liberty prevail. The spirit of striving for a steady increase in mental and bodily acquirements, of emulations and of liberty, characterise on the contrary, a state devoted to manufactures and commerce", and this is truer today in the case of India than it ever was anywhere else.

### **Vicissitudes and Adversities.**

We are supposed to be a rich nation—Hindustan—where milk and honey flow — as the saying goes. A fertile land, well watered by nature, by the several rivers, tanks and lakes, and by abundance of rainfall. But the productivity of the soil is the lowest and is quickly diminishing. Comparative figures will speak a harrowing tale again. The yield of rice in India is only 14.4 quintals as compared with 16.3 in Germany, 28.8 in Great Britain, and 24.3 in Belgium; of cotton it is only .9 quintals as against 2 quintals in U. S. A. 2.4 in China, and 4.3 in Egypt. And in respect of efficiency of agricultural production, India stands 22nd in rank among the principal countries of the world with an index figure of 85 against 226 in Belgium.

The backbone of India is the peasant, and he is sick unto death. Every factor is working against him. The world-wide depression and the great fall in the price of agricultural commodities which he produces and which he has to sell in the market, have turned the tide against him. The cost of living has increased many fold but not so his income. Time was when India occupied as high and enviable a place in agriculture, as in industry. The people were not so much dependent upon the lands for their mainstay, as they have to now. They had many other vocations. The wants of the people were few, and all their requirements they could get from within their own area. Cereals were in plenty and there was no scarcity of foodstuffs. The cotton found in the

fields was picked up, ginned and made into cloth. The village smith, made or repaired the agricultural tools or implements. The *Chamar* made the shoe, for which he got his share in grains at the time of the harvest. The oil-monger pressed the seeds and supplied the people with the required quantity of oil. The village physician and the school master considered it their sacred duty to attend to the sick, and impart education to the children of their neighbours.

The *Panchayat* system of administration that prevailed in ancient India was a self-help system. It formed an organic whole of village life. It regulated matters economic, social, including educational and administrative, and helped the development of corporate life in the community. But in the passage of years, the picture has undergone a terrible transformation, and instead of happiness, we find wide-spread misery.

The riches of India attracted many foreign merchants and conquerors, and to friends and foes alike, she extended a welcome hand. The people as a consequence fell a prey to the intrigues of the foreigners. Throughout the Middle Ages there were continued wars and conquests. And despite all this, the village polity and the time-old arrangement remained intact. "The village communities" says Sir Charles Metcalf, the greatest of British Diplomats of the last century "are little Republics having nearly everything they want within themselves, and almost independent of any foreign relations. They seem to last where nothing else lasts. Dynasty after dynasty tumbles down; revolution succeeds revolution: Hindu, Pathan, Mughal, Maharata, Sikh, English are all masters in turn, but the village communities remain the same. In times of trouble they arm and fortify themselves: a hostile enemy passes through the country. The village communities collect their cattle within the walls and let the enemy pass unprovoked. If plunder and devastation be directed against themselves and the force employed be irresistible, they flee to friendly villages at a distance, but when the storm has passed over, they return and resume their occupation".



For a time everything appeared to go on smoothly. But the continuous and ever-increasing pressure from all sides broke the *morale* of the people and of the community. The early foreigners, though at first they appeared as conquerors and were very rapacious in their exploits, after a time did not consider themselves as conquerors. They identified themselves as one with the sons of the soil. The village polity thus remained the same without undergoing a great change. But it was being swiftly torpedoed. The death blow was finally hurled when the Village *Panchayats* ceased to exist, to be more exact, when from the local bodies, the administrative and other functions were removed, and when the Central Power arrogated everything to itself.

### A New Chapter in History.

In a historic perspective, we find the affairs not in a particularly bad state even during the early days of the East India Company (though there prevailed a lot of confusion). The coming of Clive and other Empire-Builders on the arena, changes events gradually, and things come to the climax with the Company's "acquiring the right for the collection of taxes from the people". "In the year 1765 the *Diwani* for the Government of Bihar along with Bengal was obtained by the East India Company from the then Mughal Emperor on 12th August, for an annual payment of Rs. 26,00,000". From here begins a new chapter in our history.

"In 1766 Clive formally took his seat as *Diwan* at the *Punya* held at Moti Jhil near Murshidabad.

"In 1769 British Supervisors were appointed to supervise the the local collections of the revenue and the rural administration of Justice. They were instructed to see to the obtaining of information concerning their respective divisions of the country. Two Provincial Councils were formed to control the work of the Supervisors.

"In 1770—1771 revenue reforms were introduced by the



Governor-General-in-Council, and thus emerged the *Zamindari* system."

Of course, the Zamindars, previous to this, were a class quite different from what they were afterwards "carved out". The Zamindar, in a sense was only a member or Chief *Punch* of the village community. The villagers used to cultivate their lands in common, and they used to be taxed as a single unit. Recording his impressions of the prevailing conditions, observes Dupernex : "This particular branch of *co-operative* effort has hardly emerged from the experimental stage either in Europe or in America, but we hold that its counter-part has reached the very height of development in India, and that the Associations known as village communities are to all intents and purposes, *co-operative*, both in form and spirit"\*.

Describing the mode of taxation, he quotes "a high authority": Sir Richard Temple, himself an Indian Civilian in his account of James Thomson, a former Lieutenant Governor of the North West Provinces† says : "He (Thomson) found that the assessment of the land tax had been for the whole township *en bloc* and that the engagement for paying the revenue had been concluded, not with each partner individually for his share, but the entire community for the whole estate. Thence he inferred that the responsibility for defraying the charge rested not with individual co-parceners but the co-parcenary body as a whole. This he termed "Joint Responsibility" and accordingly the community would be liable for the default of any one among its members".

"He (Thomson) considered them to be bodies of proprietors and they held in partnership their estates, composed of villages, more correctly of townships or parishes. Their peculiarity consisted in the partnership originally described in Persian phrase which he translated into English as co-parcenary adopting apparently Blackstone's definition which indeed exactly meets the case :

\*H. Dupernex G. S. — People's Bank of Northern India.

† The United Provinces of Agra and Oudh were formerly known by this name.

"All the co-parceners together make but one heir, and have but one estate between them"‡.

And Clive gave a death-blow to this all, as he had given to many others.

On his acquiring the "right" for the collection of taxes he sold them by bits to others for whatever amounts they would fetch him—one from the "Nation of Shop-keepers", he knew his trade well.

"Tenders were invited for each *Pargana*, the fiscal division of each district".

The right to collect revenue was "auctioned" and given over to the highest bidders.\*

This change under the directions of a foreign authority upset the smooth working of the old order. The rich *harpy* who had now amassed his fortune could hold possession, control and monopolise the revenue collections and administration of the country. He had virtually become the Lord and Monarch of all he surveyed. In a very short time the country was filled with such petty tyrants who did, and who could do whatever they liked in their jurisdiction. The officials at the top were busy in the metropolis, and the affairs of the interiors were left over to the mercy of these under-dogs. The newly appointed village headman and not the *Panchayat* was now the plenipotentiary. He was now the judge and the jury; the policeman and the magistrate. He was the tax-collector and the administrator—all combined in one. In addition he was the landlord and the money-lender also. He tyrannised the people at will, and his word was the Law. There was none to challenge him. Corruption and bribery ran rampant. From the highest to the lowest the administrative machinery

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‡ *Ebid.*

\*To quote Vereist, one of the Governors of Bengal: "The lands were let by public auction for short terms of three years. Men without fortune or character became bidders at sale, and while some of the former farmers unwilling to relinquish their habitations, exceeded perhaps the real value in their offers, those who had nothing to lose advanced yet further, wishing at all events to obtain immediate possession. Thus numberless *harpies* were let loose to plunder whom the spoil of miserable people enable to complete their first year's payments."

became rotten. The "Impeachment of Warren Hastings" and other documents of the time show to some extent to what depths things had degenerated. Matters had come to such a crisis that people at home got alarmed and decided to intervene. Pitt's India Act (1784) was the result, and it was directed towards the stopping of "the corruption and oppression that everywhere prevailed". But the new policy and spirit of the Act was not adhered to for long by the servants here, men on the spot. Lord Cornwallis ignored Pitt's India Act, and ignoring the conditions of the ryots began to *farm* out Zamindars and created "Zamindars and Rajas from mere adventurous farmers of revenue to fill the coffers of the Company". Thus was ushered in a body of middlemen, who are now known as Zamindars in Bengal, U. P., Punjab, the Northern Circars of Madras, and the Malguzars in Central Provinces and the Inamdars, Talukdars, Polygars, and the Khots etc. in other parts of India, all of whom have the common characteristic of getting a certain share from the cultivator of his soil and paying a certain part of it to the State as tribute, or State's share. In practice, however, due to the lack of Central Government, these revenue farmers, whom the British East India Company recognised as the owners of the soil to the exclusion of rights of the ancient peasants, these so-called proprietors began to collect as much as they could, or as much as the commercial representatives of the East India Company like Clive or Warren Hastings would, under the severe annual exactions of those days, under pain of even corporal punishments\* at times". (Vakil)

### Revenue System in Pre-British India.

It is interesting at this juncture to see the revenue system prevailing in the pre-British period. Describing the mode of

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\*According to Burke: "It was a rigorous collection of revenue: it was a savage war made upon the country. And here, My Lords, began such a scene of cruelties and tortures, as I believe, no history has ever presented to the indignation of the world; such as I am sure, in the most barbarous ages, no political tyranny, no fanatic persecution has ever yet exceeded. Children were scourged almost to death in the presence of their parents. This was not enough: the son and father were bound together, face to face, and body to body, and in that situation, cruelly lashed together so that the blow which escaped the father fell upon the son, and the blow which was missed by the son, wound over back over the parent.



taxes and revenue collections in Hindu days, observes *Manu* the Law-giver: "As leech, calf, and bee take their food, so must a King draw from his kingdom moderate taxes. A fifth part of the increment of cattle and gold is to be taken by the King and one-eighth, one-sixth or one-twelfth part of the crops, though a Kshatriya King, who in time of war takes even one-fourth part of the crops is free from blame, if he protects his subjects to the best of his ability".

Taxes were regarded only as the remuneration of Kings for their services rendered to the people. *Shukra* gives the dictum: "The King should enjoy fruits everywhere, but at the same time he should act like a slave in protecting his people". "The revenue of the king can be raised", he contends "only after he has contributed to the faculty of the people, like the gardener who collects the fruits and flowers after having duly nursed the plants: and the State should not be like a charcoal-dealer who cuts down the trees, burns them, and obtains a profit at the cost of the destruction of the source of the revenue, but it should be like the florist who merely gathers the flowers which would otherwise fade, leaving the plant to bloom again. The incidence of taxation should be carefully considered and the burden should be according to faculty. Those on the borderland of subsistence should be relieved at the cost of those who are blessed with a larger share of worldly goods".

The people could in former days pay their taxes by "a share of the produce", and even under the Mughals as formulated by Akbar we find the people enjoying the option of paying the tax either in kind or in coin, as they chose. This method, a share from the produce was the best system for all. During days of famine, draught and floods, he had to pay nothing, but during years of good harvest he willingly paid a bigger share to the Government. But the Empire-Builders sent by "Providence" changed this payment in kind, to one of hard cash, and turned the "tax by share" to one of a growing and ever increasing "demand". Ramsay MacDonald observed once: "Our assessment and



rigidity of payment, have undoubtedly tended to impoverish the people; and a system of Revenue Collection, thoroughly sound in theory and meeting the requirements of unassailable economic doctrine, has in practice become a grievous method of oppression, and the subject of formidable attack”.

The first Land Revenue Settlement carried out by the British in India was the Permanent Settlement of Bengal made by Lord Cornwallis in 1790. Its chief object as the Bombay Survey Settlement Manual observes was “the introduction of the British Landlord system, which the Governor General in ignorance of the actual conditions of the country had determined as panacea for all agricultural evils. Absolute individuals, with perhaps some sort of title, others without any sort of title whatever, were sought for and set up as landlords of Estates, the land revenue of which was settled in perpetuity. It was expected by the Governor General that the result of this system would be the creation of a body of loyal, contented and independent land-owners like the English counterparts, take interest in their estates, to the improvement of the conditions, not only of the lands but also of their tenants, the cultivators. But these brilliant anticipations were doomed to early disappointment. The new landlords, so far from making improvements, proceeded to rack-rent from their unfortunate tenants to the utmost limit”.

The poor peasant who tilled the soil by the sweat of his brow, had (and has) to bear the brunt of the heavy burden on his bare back. The entire administrative machinery resembled an exploiting agency; various kinds of land tenures, codes and revenue regulations, quite alien to the soil were promulgated. All this strange development led to great deterioration, and the peaceful working of society was threatened. Though no external disorder was visible—and it was all ruthlessly quelled by the force of arms—internally there was great chaos.

Starvation and hunger became the order of the day. Famines which were unknown in ancient days now became frequent and devastating, and to quote none other than Macaulay “tender

and delicate women, whose veils had never been lifted before the public gaze, came forth from the inner chambers in which Eastern jealousy had kept watch over their beauty, threw themselves on the earth before the passers-by, and with loud wailings implored a handful of rice for their children".\* Since the Mutiny, as a recent writer observes, it (the famines) has become a common and permanent feature of the country..... between 1860 and 1900, the seven great famines officially recognised occurred in the country, covering an area of 16,23,000 sq. miles and a population of 322 millions, that is to say, the whole area and the whole population".

Undaunted by whatever happened, the foreign rulers were taking the best advantage of the prevailing disorder and endeavoured to sit on the saddle tighter than ever. Several Committees and Commissions were appointed to investigate into the problems, and into each aspect of every problem. But things went worse as they were bound to. No tangible improvement in the welfare of the people happened. Economically, the conditions grew worse. Only the taxation rose, and it is still bouncing upwards : illiteracy remained and remains a baffling problem†, and the horizon now is as gloomy as ever.

There is no use lamenting over the past. As practical men let us see whether we can improve matters. No Government, however sympathetic and popular, can enforce improvement on a people who are impervious. The people at large should strive and work out their own way. Of course, Government support and sympathy there must be, but the government and the people should co-operate and work hand in hand. We are optimists. We know the existing state of affairs is bad enough. The peasant is poor, impoverished, illiterate and devoid of all initiative, but still he is not beyond reform. It is true, he has lost all sense of incentive. He is in a desperate condition. He imagines that

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\*Essay on Lord Clive.

† According to the Educational Commissioner's Report, (1937) the total number of scholars male and female during 1935-36 in British India totalled up to 13 millions odd, as against a total population of 271 millions odd, the resultant percentage of scholars to population being only 5.09%, as against 4.79 in 1934-35.

he is doomed and cannot escape the evils of fate. But we can still save him if we go about it in right earnest.

### The Present Phase.

"Poverty, unemployment and indebtedness are fundamentally due to the antiquated land tenures and revenue system of the Government.\* And in recent years these conditions of suffering have been intensified by the great slump in the price of agricultural produce which has augmented the difficulties of the solution.

"One of the chief grievances of the peasantry is the uncertain position they hold at the hands of the intermediaries, between Government and themselves.

"What the peasant suffers from is not merely uneconomic holding which sweeps him into debt—he needs emancipation from certain feudal and semi-feudal levies, as well as a substantial reduction in respect of rent and revenue demands. The system of forced labour in one form or another is still in existence in the *Zamindari* areas, enjoying Permanent Settlement, and it cannot be said that it is altogether absent in Government villages. These are relics of a barbarous past and demand immediate abolition.

"Nor are the rent and revenue "legitimately" levied upon the peasants, less exacting. It may be recalled that in Champaran District ( Bihar ) when Mahatma Gandhi investigated the conditions in 1917, there were 64 levies exacted from the indigo peasants.

"While this is so, in the name of Re-Settlement in Ryotwari areas once in 30 years the taxes are increased by  $18\frac{3}{4}\%$ . These

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\*I believe, it may be stated absolutely, that the whole of peasant indebtedness originally came from the necessity of the imposed need of finding coin to pay the Land Tax.

This is the last worst evil which English Administration has brought upon the Indian peasantry. We have given the ryot security from death by violence, but we have probably increased his danger of death by starvation.—W. Blunt: "*India Under Ryots*".



periodical enhancements are notorious enough and the broad fact remains that the burden of taxation is heavy and unbearable and demands immediate reduction.

"The forest and salt laws deprive the peasantry of the nature's gift.

"And the worst feature of the whole thing is the poor peasant and his village does not get a just allotment of the State expenditure for their social, economic and cultural amenities"\*.

That what is claimed as their "modest" demands was submitted to the Premier by the peasants of Bombay, who flocked in their thousands from every District and Taluka of the Presidency. The following are extracts from their Manifesto:

"In order to ensure a free, happy and contented peasantry, the tiller of the soil must reap the fruits of his labour.

All the intermediaries like the Inamdar etc., must therefore, be removed without any delay, if social justice and economic welfare are to be assured to the peasants, who live by cultivating the soil.

The role of the Government must be to see to it, that an adequate maintenance is allowed to the tiller of the soil before any tax or toll is levied upon him.

In so far as the agricultural labourers are concerned it is also the duty of a democratic government to provide by law for their welfare by enforcing a minimum standard of wages. (All arrears of rent accumulated up to the date must be remitted forthwith, since the revenue arrears have been remitted.)

Land revenue assessment rules must be so revised to exempt all incomes below a minimum income from land from any revenue demands at the same time imposing a steady graded tax on all incomes above that minimum. During the period required to effect this change, there should be a reduction of at least 50% in

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\*Prof. N. G. Ranga, M. L. A.



the land revenue in view of the great fall in prices of agricultural commodities.

Immediate legislation must be undertaken with or without compensation to provide for the abolition of the *Khote* system and the *Inamdari* system of landlordism which is economically wasteful and socially tyrannious and a complete halt must be called to all executive coercive measures that are taken or are likely to be taken by the landlords to exact rent and oppress the tenants in any other manner.

Tenants of all landlords must be justly legislated providing for their permanent tenancy if they have cultivated the land for 3 years. In order to prevent the landlords from evading this law, a Land Commission must be appointed, without whose permit no tenant can be evicted. In no case a tenant who has been cultivating the land for 3 years or more shall be evicted for any reason whatsoever so long as he agrees to pay the rent.

Tenants to pay rent not exceeding  $\frac{1}{3}$  of the amount of land revenue.

Reduction by 50% of the irrigation rates payable by small-holders and the policy of the Irrigation Department to be so amended as to benefit the majority of small-holders and tenants.

Moratorium till an adequate Debt Relief Bill is adopted and becomes operative in all areas.

Legislation to prevent land passing out of the hands of the actual tillers.

Attachment of necessities of life including minimum holding should be prohibited.

Adult suffrage.

Forced labour and illegal levies to be a cognisable offence.

All revenue officers to be divested of all magisterial and police powers.

All cultivable fallow-land to be distributed to landless labourers".

The grievance of the peasantry is chiefly against the landlord or zamindar class. A regular campaign is afoot aiming at the abolition of these "middlemen". It is being argued that there is no need to have an intermediary between the tiller of the soil, and the Government. There have also been random talks of "confiscations" and "expropriations". And, strangely enough, the landlord-class themselves have begun to feel the *zamindari* a burden and its continuance a thankless job. Recently the zamindars of Bihar openly put in a plea for the abolition of the system in the interests of all.

In the United Provinces at the Hardoi Session of the Provincial Political Conference, Mr. Sri Prakash, M.L.A., the Congress Leader, propounded the same gospel, but presented the subject in a new light. His analysis was incisive and the view sound :

"We have in U. P." he asserted "about 22 lakhs of the so-called zamindars, out of whom about 10 lakhs pay less than Rs. 100/- as their annual revenue. And there are only about a 1,000 who pay Rs. 5000 and more. The revenue is about half the zamindars' income. Therefore the amount they pay would be about the same, as that left over for themselves".

He went to the root of the problem, exonerating the zamindars: "We must remember that there are very few zamindars who are the original contractors when this system was introduced, most of them being those who later invested their money in *zamindari* instead of other professions and are today mere unpaid rent collectors on behalf of the Government, themselves being deprived of all powers. "Collectors" and "Tehsildars" who as their names themselves imply should be collecting the rents are there only to bully the Zamindars and impress on them their greatness and realise the revenue if necessary by the use of ready force, while the zamindars can only realise the rents

by complicated and expensive processes of the law. It is to my mind in the interests of the zamindars themselves that the system should be abolished and their own status raised”\*.

### Tenancy Legislation

The present state of affairs is disgusting enough. Matters have been going on from bad to worse, and if we want to bring about any change, the very edifice needs be pulled down and built afresh. And it is refreshing that earnest attempts are being made in all quarters to tackle this and other allied matters. According to advices received from Simla “several members of the Central Assembly have tabled a resolution urging the appointment of a Committee to inquire into the effects of the system of land revenue prevailing at present in India. The Committee is to consist of twelve members of whom six should be selected from amongst the elected Members of the Assembly. The others should consist of the Premiers of the United Provinces, the Punjab, Bihar and Bengal, and two Experts to be selected jointly by them. The Committee is to submit its report to the Assembly within six months and to make recommendations, particularly relating to amendments and alterations deemed necessary for the improvement of the system.†

In most of the Provinces particularly those where the Congress Party is in power, earnest efforts are being made to tackle the agrarian problem. A well merited tribute to their efforts was recently paid by Sir T. Vijayaraghavachari, Ex-Vice Chairman of the Imperial Council of Agricultural Research: “They have rightly placed in the forefront the redemption of economic condition of the ryots as the most essential part of the Congress work.

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\* It is not irrelevant to make a passing reference here that the Royal Agricultural Commission which was set up to inquire into the agricultural conditions safely left this out, though it is the much discussed question of the *ownership of land* that is the root cause of all our troubles. This question was deliberately left out from the terms of reference which emphasized: “It will not be within the scope of the Commissions’ duties to make recommendations regarding the existing *system of land ownership and tenancy or of assessment of land revenue and irrigation charges*”.

† The Times of India—16-6-1938,



Going round the various Provinces in India during the last 8 months I notice enormous activities both Legislative and administrative on the part of the Ministers and Secretaries”.

In my Province (U. P.) a “Rent and Revenue” Committee has been appointed by the Government to scrutinise the existing land tenure, and revenue laws and for suitably amending the existing ones. This Committee, it is understood, has completed its labours and has recommended several radical measures to improve matters. According to reports, “the Committee has recommended the abolition of *Sir* rights of the zamindars. The tenants who, previous to the passing of the Act, have been cultivating a land continuously for seven years or more, would be given hereditary rights in the land. This will apply to sub-tenants of right or fixed-rate-tenants also. Those tenants who have been cultivating the land only for two years, previous to the passing of the new Act would probably be given statutory rights only. All the existing statutory tenants would also be granted hereditary rights. It is further understood that smaller zamindars and fixed rate tenants would have the right to take back the land for their own cultivation. But if they fail to cultivate it in the next two years after acquiring it, the sub-tenant would be entitled to get back the land. It is stated that the Government propose to restrict the right of transfer in the case of hereditary tenants. As regards the rate of rents, Government propose to fix the period 1896–1905 as the basis for calculating the new rate of rents. It is also said that concessions will be given to zamindars paying revenues less than Rs. 1000. The present right of distraint of zamindars shall be abolished though for the arrears of rent they may be entitled to distraint one-fourths of the standing crops with the sanction of the Court. For arrears of rent, land may be auctioned, but the dispossessed can claim back the land if he pays his dues within a fixed period, say a month. The rents now fixed shall not ordinarily be liable to enhancement within the next 20 years”.

These recommendations have evoked a good deal of criticism in the Province. The proposals had a mixed reception — neither

of the extreme sections being satisfied and both accusing the government. One section, of the landlord-class terms the recommendations as revolutionary, while the other, the peasantry, charge the government for their halting measures. Be it as it may, to the extent it benefits the people it is well and good. One important thing which the Government unfortunately seems to have ignored is with regard to the future of the landless peasants\*. This is a very important factor and so to say "the biggest problem of the Province" (and of India)† as the *Leader* terms it. A great deal has yet to be done by the Government to improve the lot of the masses. In this, as in other Provinces there are large areas which are described as "culturable waste" .....The United Provinces Government cannot do better than start an investigation to the area of culturable waste available in the Province and take practical steps for bringing it under cultivation. There is not enough of cultivated land available to go round and its area has to be considerably increased by the utilization of "cultural waste" to reduce the pressure on the soil. This should be regarded as an essential part of rural development. The importance of bringing culturable waste under cultivation will be apparent from the fact that in the United Provinces its area is nearly one-third of the net sown area and amounts to over 10 millions. If even half of this area is brought under cultivation, work on land will be found for a million or more men. It is terrible waste that a huge area which is capable of yielding food and other crops should remain largely unutilised ‡.

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\*We are glad of the assurance recently given by the Revenue Minister during the course of a debate in the Assembly that he contemplates introducing a Bill for securing lands for the landless peasants (who are about 40 lacs in number.)

† The number of landless agricultural workers is at present over 33% of the total agricultural population. According to the Census of 1931 the number of agricultural labourers who were mostly landless was 407 to every 1000 cultivators, while the ratio in 1921 was 291 per 1000.

‡ The Government have, we note from a recent Press *communiqué*, appointed a Committee of Officials and non-Officials, to examine and report on the various problems relating to the reclamation of *Usar* land, and for rendering them fit for raising food-crops and fodder, as also to consider the advisability of afforestation in areas classed as "culturable" but which cannot be brought under cultivation and for devising means for preventing deterioration of arable soils into *usar*.

## The Problem of Indebtedness.

The peasants are sunk deep in debt. And the ghost of debt is goading them to extremes. It is virtually haunting them from every corner. "No one we trust" was the verdict of the Royal Agricultural Commission "desires to witness a continuation of a system under which people are born in debt, live in debt and die in debt, passing on their burdens to those that follow. That there are a number of hopelessly insolvent debtors in rural areas is generally admitted and we cannot regard it as making for health in the body politic that they should be allowed to remain without hope and without help".

The extent of agricultural indebtedness in India has been estimated from time to time by different people at different figures. In 1895 Sir Fredrick Nicholson estimated the rural debt of Madras at Rs. 45 crores. On the basis of Sir Fredrick Nicholson's, Sir Edward Maclagon calculated the total rural debt of British India at about 300 crores of rupees in 1911. Mr. Darling in 1924, on the basis of his investigations in the Punjab, put the figure of indebtedness at about Rs. 600 crores, which amounted to 17 times the annual assessment of land revenue of British India. The Royal Commission on Agriculture in 1926 found that the indebtedness was increasing. The Indian Central Banking Inquiry Committee estimated (in 1930) the total rural indebtedness at Rs. 900 crores. Recently Sir M. Viswaswarayya mentioned "the total debt is probably not under 950 crores or say Rs. 50 per head of the agricultural population." And according to Professor Mukerjee it was 1200 crores in 1935.

Let us take the figures of the Central Banking Inquiry Committee as authentic, and analyse it in detail. According to their calculation in 1930 the Rural indebtedness was about 900 crores. They had assumed the annual value of the agricultural produce of India at Rs. 1200 crores (on the basis of the 1928 price level) and to it they added another 20% on account of the income derived through subsidiary, allied or cottage



industries. Thus the average annual income per agriculturist was put at Rs. 42 on the basis of the 1921 population. Since then the population has increased and the price level fallen considerably. The crops fail often and even otherwise the peasants have to wait for several months to reap the fruits of their toil. In the meantime they have a thousand calls to meet, and for all this they require cash and ready cash. There is no alternative but to go and borrow.

The following Table shows the amount of debt in the different Provinces.

<b>Name of the Province.</b>	<b>Total Population.</b>	<b>Total indebtedness.</b>
Central Provinces	115 lakhs.	36 crores.
Bombay	210 „	81 „
Bengal	506 „	100 „
United Provinces	482 „	124 „
Punjab	235 „	135 „
Madras	465 „	150 „
Bihar & Orissa	376 „	155 „

These figures have increased considerably since then\*. The Royal Agricultural Commission reported (in 1926): "It is more than probable that the total rural indebtedness has increased in the Province: whether the proportion it bears to the growing assets of the people has remained at the same level or whether it is a heavier burden or a lighter burden on the more prosperous cultivator than of old, are questions to which the evidence we have received does not provide an answer. The Punjab Committee have, for example, estimated that the total agricultural debts of the Provinces, have increased from Rs. 90 crores in 1921 to Rs. 135 crores in 1929. The burden of indebtedness has become much more crushing than can be judged from the compass of the growth of its volume in rupees when we take into account that the fall in the price of crops from 1921 to 1929 has been roughly 50%. The *Indian Trade Review* of 1934-35 published by the Govern-

\* The present agricultural indebtedness (latest figure) is put at Rs. 1800 crores.

ment of India in November 1935 observed: "The prices of agricultural commodities have fallen much greater than those of manufactured goods. As compared with 1928-29 there was a drop of 52% in the agricultural income of Bihar and Orissa, and this was principally due to the slump in prices".

Raising the price-level of commodities should be an important factor in our *Re-construction Plan* and we will have occasion to deal with it in greater detail shortly.

"Without hope and without help" the peasants have been dragging on a dreary existence, but this state of affairs cannot go on for ever. The peasant is the pivot of the society, and when he is threatened with extinction, the entire structure must crumble down. Progress in any walk of life is impossible under the circumstances, and until and unless the debts of the agriculturists are scaled down, little can be done to improve the situation. The Government of the United Provinces have once again given a lead to others: According to a *communiqué* they propose to introduce in the forthcoming session of the Provincial Assembly certain legislative measures for providing a satisfactory solution of the question in all its aspects. The whole problem of rural indebtedness, it is said, will be dealt with in three different pieces of legislation. One of these will give protection to home-farms against their sale to any one, whether he is a Zamindar or a non-zamindar; the second measure will give relief to small zemindars and tenants by scaling down their debts; and the third measure will set up a Land Banking and Marketing organisation.

The same curse of debt has brought down the purchasing power of the masses. It is tightening the free movement of the chain of trade, both national and international. Whatever the peasant produces today, the major portion of it goes for paying the interest on the loans he has taken, with the result that he is again obliged to go and borrow, and thus the vicious process continues. He has to submit meekly and has to be in the clutches of the

landlord who invariably also happens to be the money-lender and gives him liberally in the beginning so that he can confiscate his lands, and reduce him to the position of a labourer, and afterwards keep him as a bond-slave. The whole thing has virtually become a social and economic menace. Some of them have even gone down as regular custom and tradition.\*

By the way we may observe here that due to these mal-adjustments, the peasants are not able to get the full share or their real wage. This, in its turn, brings down the standard of life and living of the people. This again indirectly increases the unemployment in the country, and when artificially such a situation has been created in the villages, it effects the city conditions also. Labour for the towns and industrial centres are obtained for the most part from rural areas. And when people are compelled to leave their villages, and migrate to cities to eke out their livelihood, the industrial magnates here take advantage of the situation. They cut down the wages of the labourers, increase the working hours, and make use of the prevailing distress to their own advantage, not realising that the real consumers of their products are the very people, and that their prosperity is closely linked with the prosperity and purchasing capacity of the masses themselves. They ignore the fundamental truth: "There can be no industrial advance in India unless the material condition of the millions of agriculturists and workers in the country is improved. For it is their purchasing power that determines in a large measure the demand for the output of factories. Industrialists should therefore actively support all programmes for the rebuilding of rural life in all its many sides. This would only be enlightened self-interest on their part"†.

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\* The institution of *Harwahi* which still flourishes in many of the Central India States is the last relic of slavery and appears to be founded on a superstition existing among higher caste Hindus against touching the plough with their own hands. A *Harwaha* is generally a person of a lower caste who in exchange for a lump sum of money agrees to work in the fields of his master in return for food and clothing. He can be forced to work, and if he leaves his master, or refuses to return, the State authorities arrange for his arrest and surrender to his master. The debt is seldom, if ever entirely liquidated and the labourer becomes virtually a slave for life—*Pioneer* 10-9-1937.

† H. H. Gaekwar of Baroda.



Of late the question of indebtedness is receiving much more attention than it used to, but it is a many-sided one, and not easy of quick solution. In the first place there is already the heavy load of indebtedness and the peculiar land tenures that differ from Province to Province, even from District to District in some cases\* make the problem still more complicate. Curiously enough few people are free from debt in this unfortunate country. Whether he be a landed aristocrat or a tiller of the soil, he is involved in debt. And the debts in very many cases are much more than their paying capacity or the statutory value of the lands they possess.

In an Economic Survey of the District of Agra (U. P.) which I conducted two years back† “The average debt per family of zamindars was found to be Rs. 447 (in some cases it was as high as Rs. 709) . The tenants’ debt in Agra was 4·4 times the valuation of stationary rates of the area which they cultivate. In the South-west of the District it was 7·6 times. Again in the South West 93% of both the zaminders and tenants were indebted, while in Agra 44% of the zamindars and 31% of the tenants were free from debt. The Zamindars were paying an interest of 12% per annum on their borrowings against 22% per annum, the average paid by the tenants.

The total debt of *Pargana* Agra excluding the city villages (as calculated by the Settlement Officer) in 1930 was about 31·7 lakhs of which 8·5 lakhs have been borrowed by the cultivating proprietors and 23·2 lakhs by the tenants. And about half of the

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\*Taking my own Province (U. P.) for example, we have four different kinds of *Settlements*. In Benares, land has been settled permanently with the result that in some cases rental assessed is less than even the land revenue, and in others, rental assessed is several hundred times the land revenue. In Oudh, *Settlement* was done with big landlords whom the circumstances of the Mutiny brought into prominence as leaders of the country side. In Agra, on the other hand landlords are not so powerful, and the Government has direct *Settlement* with the cultivators. Finally, there are lands in the hills, constituting 10% of the area of the Provinces mostly under peasant-proprietorship. (The United Provinces, has a population of 45 millions. It has 1000 million acres of land of which 400 million acres is under cultivation — representing one acre per head of the population.....a million and a quarter (of whom) are landlords mostly petty, and the rest... tenants.—*Statesman*.

† The Report is compiled in book form under the title of “*Our New Villages*”.

total amount has been borrowed for agricultural purposes including the feeding of the cultivator and his family, and half for non-agricultural purposes.

We said that both the zamindars and the tenants are involved in debt, and for the debts of the zamindars, as is generally contended, they themselves are responsible. They have contracted the debts due to their own carelessness and folly, but the case of the peasants is quite different. They have been dragged into indebtedness more by circumstances than through any fault of their own. And when things are like this, to whom and how are we to give relief, and give relief we must, and give it at once, as it is urgent and pressing. And until and unless the debt problem is tackled first, we can do nothing, and we would not have done anything to alleviate the situation.

It is asserted and asserted very vehemently by many these days, that it is the "absentee" zamindar who has been playing havoc in the country without contributing anything either to the improvement of the land or to the happiness of the tenant cultivators is responsible and who has brought matters to this climax. It is further asserted that till recently in almost all the Provinces they (the landlord-class) had their own way in the administrative affairs of the country also. Their representatives and those akin to their interest had the reins of the Government in their hands and they made good use of the power they possessed for enacting such laws as would safeguard their own class-interest. Even on the question of *debt*, as it is complained, they had framed several laws for giving relief to their own kith and kin, i. e., the landlord and zamindar class. A critic exposes one of these measures in a striking manner, that was enacted in our Province (U. P.), which measure he contends still continues to play mischief. He refers to the *Encumbered Estates Act*, and says: "Though originally the object of the framers of this legislation was to give relief to the poor cultivators or agriculturists of limited means, the question was rendered very complex in these Provinces on account

of the presence of another strong and influencing element, namely the Zamindars.

"The Provincial Government made remissions in rent and revenue on account of the depression but the remissions in revenue were inadequate and not strictly in accordance with Laws. The zamindars were naturally dissatisfied with the executive orders, and the revenue policy of the Government came in for a good deal of criticism. The zamindars who are neither agriculturists in the real sense of the term nor had they borrowed (funds) for agricultural purposes, based their claim for relief against their debts on the revenue policy of the Government which had considerably reduced their income rendering it difficult for them to meet their liabilities towards their creditors.

"Their demands were insistent and pressing and they had a strong majority in the Council and during the discussions that followed the main issue was clouded and the importance of relief to the cultivator of the soil was over-shadowed by the question of relief to the zamindars, a majority of whom is indebted". A statement that has recently been issued by the Lucknow Banker's Association on the subject is much more trenchant: "The debt bills were ostensibly introduced for the relief of the poor cultivators but they were actually designed by the Zamindars and Taluqdars to wipe out their own debts, a large portion of which they had borrowed for unproductive purposes or extravagant expenditure. Nobody howsoever partial can deny that the largest amount of debt, under Debt Acts fell to the share of Taluqdars and big Zamindars. This was but natural because they were the framers of the Act ... *of all the Debt Acts, the Encumbered Estates Act is perhaps the most atrocious piece of legislation. Every wrong that could be devised by human ingenuity has been embodied in this Act.* Besides the Act is so extremely ill-drafted and whole proceedings are so complex and dilatory that in our opinion the present Act should be repealed altogether\*.



Such Acts and regulations are in no sense singular to our Province. In almost all Provinces some measure or other on similar apparently laudable plea of "helping the peasant" has been sponsored and brought into force. Proudly did Sir N. N. Sarkar, the Doyen of the Central Legislature, chronicle in his characteristic vein, the "attempts", rather the "achievements" of the various Governments. The following are some entries from his lengthy catalogue. The Madras Co-operative Land Mortgage Banks Act of 1934, the Bengal Money Lenders Act of 1933, the Agriculturists' Loans United Provinces (Amendment) Act of 1934, the Assam Money-lenders Act of 1934, the Central Provinces Debt Conciliation (Amendment) Act of 1933, the Usurious Loans (Central Provinces Amendment Act) of 1934, and Central Provinces Money-Lenders Act of 1934.

The following Bills were introduced (including bills passed and awaiting assent) the Madras Money-lenders Bill, the Madras Debt Conciliation Bill, the Bombay Money-lenders Bill, the Bengal Tenants' Protection from Usury Bill, the United Provinces Reduction of Interest Bill, the United Provinces Encumbered Estates Bill, the Usurious Loans (United Provinces Amendment) Bill, the United Provinces Regulation of Sales Bill, The United Provinces Temporary Regulation of Execution Bill, the Punjab Relief of Indebtedness Bill, the Central Provinces Money lenders Bill, the Usurious Loans (Central Provinces) Amendment Bill, Central Provinces Reduction of Interest Bill, the Central Provinces Debtors' Relief Bill, the Usurious Loans (Central Provinces) Amendment Bill, the Central Provinces Reduction of Interest Bill, and the Usurious Loans (N. W. F. Provinces Amendment) Bill.

"The zamindars have incurred debts due to their own folly and extravagance, and hence they are not entitled to any relief" is the contention of one party. They have squandered and have come to trouble due to sheer irresponsibility and as such they should pay the penalty for it themselves. One well-known Economist analyses the problem in the following words: "These debts are the

result of the landowners' own extravagant and vicious tendencies for which they cannot expect the community at large to make any sacrifice ... this is not to say that these debts also are not generally speaking debts whose burden is heavy and impedes the full responsibility of the loan being realized. It must also be admitted that these debts facilitate even more than the small agriculturists' debts, the land getting into the hands of non-agriculturist class. But the reason why we need not and should not include the debt of large landlords in our programme of debt relief is apart from a needless burden being imposed upon the community, that they could well be made to bear their own burden; for if only their credit is suitably mobilised there is ample security for such debts. Besides landlordism pure and simple is indistinguishable from parasitism but landlordism of classes, not habitually interested in agriculture is more harmful than the most poisonous weeds. No relief should therefore be afforded wherever there is the slightest danger that it would benefit such parasitical classes. So long as private property in land is allowed by the fundamental law of our society, we must leave these larger landowners to bear their own burdens. The only aid the community at large may extend to them should be such as would enable them to liquidate the burdens from the produce of their estates easily, expeditiously and even economically. The estates and the produce are the security for the lender. The problem is, therefore, one of organizing and mobilizing the credit of these landed classes with a view to alleviate as well as to liquidate in a given period the debt and to guard against any future lapse into waste or vice which would once again bring about such indebtedness. The writer continues: "The difficult question is about the line of demarcation between a big and small landlord, and about the debts, and as to whom, and what relief they should get, and how".

"In most of the cases the money has little relation to any productive use ... very little of this borrowed capital is ever utilised to improve the productive capacity of the land. There-

fore, "a proper, scientific, and safe method of debt redemption would be to offer those only where relief is proportionated to the productive capacity, so that the burden is automatically borne and relief consists merely in affording breathing space or permitting a simpler mechanism for the liquidation of debts. But this debt, never having been incurred for productive purposes it would scarcely be advisable to apply this logic. The volume of debt is so vast, and its burden so pressing, that orthodox principles of credit improvement would not avail. More drastic methods including interference with contractual obligations are unavoidable if relief is to be granted\*.

### **Lead by Provinces and States.**

And it is relieving to learn that earnest efforts are being made by many of the Provincial Governments, as also by some of the leading Indian States to tackle this question. It would be helpful to make a brief review of some of the recent measures.

The Government of Madras sponsored a Moratorium Bill to provide relief for the indebted agriculturists when no suit or execution proceedings shall be instituted against any agriculturist in respect of a debt, no insolvency proceedings may be taken against him, his property mortgaged may not be sold to realise any debt and suits and proceedings shall be stayed. An agriculturist is defined as a person or joint family who has a saleable right in agricultural land, of whose average income not less than three-fourth is derived from such land and whose aggregate liability for land revenue, and local cess does not exceed Rs. 400 per mensem. There was very great opposition to this measure and it was even feared that the Governor or Governor-General would interfere at the instance of the landed aristocracy and the Bill would ultimately be dropped. The continued agitation by the landlord-class and the unduly long time that lapsed since the measure was passed by the legislature and the receiving of the benediction of the Governor General (every Act

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\* Prof. K. T. Shah in the "*Harijan*".



passed even by a popular Legislature requires the assent of the Governor General, such is the mongrel Constitution under which we are labouring) added to the prevailing confusion. A first-class constitutional crisis seemed imminent, but at last came the much-awaited sanction from the heights of Simla to the great relief of all\*.

From a Note so kindly sent to us by Mr. Sanyal, Under-Secretary to the Government of C. P. on the same subject, we find a similar experiment having been launched there (rather C. P. is the pioneer in this respect as the writer claims) as the first measure in this direction was enacted as early as 1897-98 and another one again in 1899-1900 after the two great famines. The scheme was one of "informal and voluntary debt conciliation -- and it was being successfully worked out by the *Panchyats*. The Government had made deterrent provisions for bringing round "those creditors who refused to be accommodating", and there were also certain inducements for those who were helpful.

The Note proudly acclaims : "The Province is far ahead of any other in the matter of debt conciliation. The Province has been visited by representatives of other Provinces to get an insight into the working of debt conciliation Boards, while inquiries on the subject are being made from other Provinces. The Central Provinces Protection of Debtors Act is the only one of its kind in India".

There are now 51 Boards in C. P. and Berar working in this direction. Up to the end of September 1937 the Boards conciliated debts amounting to Rs. 694.21 lakhs for Rs. 359.82 lakhs resulting in a remission of 48% of claims.

In the Bhawnagar State (Western India States Agency) a very successful scheme of debt redemption was inaugurated by the late lamented Sir Prabhashanker Pattani, the Dewan, which

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\*In addition the Madras Government has made a remission of Rs. 75 lakhs in its land revenue, and another sum of Rs. 30 lakhs has been provided for the grant of loans to relieve the agricultural indebtedness of the ryots.

has so to say become the model to many others. The details of the working of the scheme are interesting and instructive.

(The agriculturist having been reduced to a condition of economic bankruptcy due to the phenomenal drop in the price of agricultural produce (the cost of production remaining practically steady while the income dwindling down enormously), he was not only not in a position to pay off the old debt but was even unable to pay the interest outstandings).

"In this atmosphere of inaction and hesitating efforts the Bhawnagar Durbar made itself bold to attack the problem of rural indebtedness and set an admirable example to the administrators in British India and other Native State rulers. The redemption of debt directly by the State is the key-note of the Bhawnagar scheme. The Durbar set up gradual liquidation Committees in various parts of the State, and which were authorized to write off any debt which was more than three times the land assessment. The compounded amount would then be advanced by the State on behalf of the ryot, and the State would recover the amount from the State's share of the produce of each ryot, the land being held on the *Bhagbatai* system. The land revenue and the *takavi* advances are first deducted from the States share, and the balance would go to repay the state's share of advances to the *Sowakers*. The scheme has already been carried out in two thirds of the State which involved the settlement of the debt of about Rs. 80 lakhs. The utility of the scheme is evident from the fact that in most cases the debt amounts have been drastically cut down by the liquidation Committees. For instance, the total nominal debt of the first five *tappas* taken up was Rs. 14,19,379 but it was compounded by paying the sum of Rs. 3,67,911 thus reducing the burden of debt by full three fourths. The annual interest charges alone had amounted to that sum and therefore by paying a year's interest charge the ryot could be totally freed from debt. At the same time *Sowakers* are also benefitted in that they are able to recover the cash and at one stroke, far more than they could if left to their own devices. The success of the

scheme is evident from the fact that land revenue and customs receipts are said to have increased in the current year\*.

In Hyderabad ( Deccan ) His Exalted Highness the Nizam's Government have recently appointed a Special Officer to investigate into the question of rural indebtedness. This officer, it is understood, has submitted his report along with his recommendations. He has calculated the Rural Indebtedness of the State as amounting to Rs. 64 crores. The Government contemplate introducing 3 Bills in the Council shortly viz., (1) The Money Lenders' Bill, (2) The Land Mortgage Banks Bill, (3) The Debt Conciliation Boards Bill. It is reported that the Bills have already been drafted and submitted to the Council. In many other Provinces as also in several States like Mysore, Travancore, Cochin, Baroda, etc., similar measures have already been enacted.

The success of the Bhawnagar scheme was due to the correct approach of the Government, and their assuming the responsibility for the debts, and undertaking the work of marketing the produce themselves. Our peasants are very backward, nay, they have no idea about marketing. If what they produce is to be efficiently marketed, they would be able to make good returns. In this connection we are referring elsewhere to some of the recent "Surveys" of the Marketing Officer of the Government of India and this would show how backward we are, and how much our cultivators are losing due to defective marketing.

What we want to stress here is this : that the peasants with a little help and guidance would be able to realise better prices for their crops and elevate their status economically and socially. We can give a concrete example of the great success achieved by a small institution like the Moradabad District Co-operative Bank, which was confronted with a similar crisis a few years back, and which it could surmount only when it undertook in its own hands the marketing of the produce of its members.

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\* B. R. Dhekney.



"In 1930-31" explains Rai Sahib Brij Kishore to whom we are indebted for the details of the working of the institution, "the collection from Societies fell to 22% of the demand and the collection from the members did not average more than 14% of the market value of wheat and other agricultural commodities, and due to the fall in prices the people were not able to pay up their dues. Successive bad harvests, economic depression and abnormal fall in prices—all this joined together in reducing the solvency of a large number of agriculturist members, and the Bank found itself in a dilemma. The members had very heavy overdues, and the Bank realised that if it failed to make further advances the members would become insolvent and would abscond and all that had been lent to them would be lost. The Bank therefore devised a new scheme and itself undertook the marketing of the produce of the members: and this proved a great success.

In the first place it considerably improved the collections of the Bank. Secondly, it gave better prices to the people, higher rates than the market rate. Ultimately, the whole scheme brought profits, out of which even bonuses could be paid to the members. The working of the scheme was as follows :—

The Bank established its *Arhatias* in different parts of the district, and people brought to the *Arhatias* of the Bank, wheat, arhar, bajra, barley, gochni, gram, peas, sarson, alsii, sugar, gur and other products. The members had to incur no market expenses.

The control of the scheme and its working was in the hands of a Special Committee of the Bank created for the purpose. Though it was very late in the year when the scheme was inaugurated it could purchase Rs. 16,125 worth of commodities and sell them for Rs. 17,970, and the net profit for the year amounted to Rs. 1,844-9-6. Out of this sum the members who paid in kind were given a bonus amounting to Rs. 795 at 1 anna per rupee on the cost of gram paid by them. The expense in connection with it was only Rs. 664 *arhat* expenses, and the prices

got for the commodities were better than what prevailed in the market. Rs. 500 was also paid to the Bank as interest on the money locked up in the scheme for about 6 months, and the balance of Rs. 586 was taken to the Depreciation Fund. In the second year, grain worth Rs. 63,125 was received and the expenses incurred amounted to Rs. 2,107 and the collection from members had gone up to 68%. As the Bank had different stations and a good organisation, and the work could now be conducted very efficiently. During the third year also its working was very satisfactory and by the fourth year the percentage of the Bank's collections rose up to 93% which is the highest figure in the Bank's history. And the amount of net profits amounted to Rs. 1,885 after meeting all expenses.

Testifying to the soundness of the scheme, observes the Registrar of Co-operative Societies (U.P.) in his Annual Report : " The Moradabad District Co-operative Bank continued the scheme of receiving repayments in kind, the underlying idea has all along been to improve collections by offering members of the Societies a rate slightly better than that ruling in the market. Speculation is studiously avoided. Every effort is made to dispose of the stock as soon as the glut season draws to a close. During the year grain worth Rs. 77,000 weighing 19,630 mds. was purchased, the percentage of the collections went up from 92.86 to 97.60 per cent in Societies belonging to the Moradabad District Bank and from 86 per cent to 91.95 per cent in case of those taken over from Kanth.

Thus the marketing scheme proved a great success in not only enabling the cultivators in profitably disposing of their produce, but this also enabled the Bank to redeem and reduce the overdues of its members. It brought about an all-round improvement in the working of Societies, and of the co-operative activities in general.

Efficient marketing as we have seen just now could raise the level of prices, and we must leave no stone unturned for working this out. This is in fact much more important than the giving

of some temporary relief or a cancellation of a portion of the old debt. These latter measures will not go a great way : they cannot be permanent remedies. The Government even if it remits the entire revenue, it cannot prove a great solace to the cultivators. For example, in our own Province (U. P.) even if the whole revenue is remitted, it would come to a relief of say Rs. 5 per head per annum, and this is no relief at all. But at the same time this would prove very trying to the Government and would show a deficit of several lakhs in the Budget and would reduce it to a bankrupt state.

How can we, and how are we, to raise the level of prices ? It is much easier, to achieve this today than it was a decade or two back. No doubt India is a very big country, with so many Provinces and States, some of them as big as France or Germany. It is unfortunate that there is a little of harmony or homogeneity between them in their administrative affairs. The entire country should co-operate : all the Provinces should pool their resources and together pull the load, if they want any measure of real success\* they should be willing to make even some sacrifice. If one or two Provinces alone are to fall in, it may not prove a success. Provincial antagonisms and prejudices should be buried deep. Fortunately we have now in seven† Provinces a Party in power that is working on so to say similar lines following a uniform method of policy in administrative matters.

We are also glad that recently the Congress has appointed an Expert Committee consisting of Scientists, Industrialists

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\*We welcome the move of the Imperial Council of Agricultural Research for convening a Conference of Ministers of Provinces and of the States for discussing among other things the future of Agricultural Marketing, Co-ordination of Production, and for adopting other practical measures for improving the economic condition of the cultivators by an intensive programme of developing the marketing facilities of farm-products.

† It has been arranged says a *communiqué* issued in this connection to hold a Conference of the Hon'ble The Ministers in charge of Agriculture in the Provinces and similar representatives of several States at New Delhi on Nov. 29 and 30. Invitations to attend the Conference have been extended to other Provincial Ministers who are interested in Rural Development.

† Now in eight Provinces.



Economists and others for advising, guiding and co-ordinating and helping the various Provincial Governments in matters industrial and economic. The rest of the Provinces (non-Congress) though they may be having their own plans and programmes will not be entirely averse to a forward move, and there is no possibility of their disliking or refusing to co-operate in such a 'prosperity drive,' if one is really inaugurated. It is probable that several difficulties might crop in, but if a genuinely national policy is put in the forefront, and the leaders approach it with a real spirit of service, chances of friction are rather remote. Prices of certain commodities in some Provinces may be higher, while in others the prices for the same commodity may be low. Climatic and geographical situation may be favourable to some for the production of a particular commodity. The soil in one place may be suitable for the rearing of a special type of crop, and hence it can be made available and in plenty, very cheap. To maintain a uniform price everywhere under such circumstances will therefore be difficult. There might arise even a necessity of resorting to trade barriers and putting obstacles to free inter-provincial and foreign trade. Imposition of terminal duties and of taxes on inter-provincial imports and exports might set one Province against the other in an economic war. The market conditions of certain commodities will be determined by world factors and might create great repercussions like over-supply within the Provinces, and enforcement of higher prices might become well-nigh impossible. The greatest obstacle in our way of finding a real solution and its successful working, is the presence of an irresponsible Government at the Centre. It is this body that should take up the lead in such matters but it is not in the popular control. Its fiscal and financial policies are guided by those "sent by England who have instinctively to look more to the interests of the country from where they hail than the country which they govern" as Sir M. Viswaswarayya puts it. With all this and other unfavourable factors we maintain that something tangible can be done if only we have the *will* and the determination to do it. Let us leave the matter to the good sense of our leaders.

Let them put their heads together and evolve a plan for the common benefit of us all. And if this "prosperity drive" proves a success, the peasant will have more money as he will get better prices for his crops, and when the peasant earns more, the Government can tax him well, and fill its own coffers as well.

Taking one or two concrete examples, we produce sugar-cane in very large quantities. The Indian Sugar Committee in their recommendations† suggested that the minimum price of sugar-cane should be fixed at 6 annas a maund, with a further provision that the cane growers should get the equivalent in money of the half sugar produced by any factory. In Java and West Indies, cane growers receive in money the price of 70 to 80% produced by the factories. And if the minimum price\* of sugar cane is fixed at 7 annas per maund, the Government has legislatively decided to fix the price of cane for protecting the interests of the cultivators—the U. P. sugar cane cultivator alone would benefit to the extent of Rs. 6 crores and other Provinces proportionately to the amount of cane produced by them.‡ This move will harm none though the Mill Owners might grumble. This small rise in the price of cane would not affect them much but would leave a fair margin of profits, as Java Sugar is even now being sold for about Rs. 10 per maund and our Mill Owners can well compete with the imports. Again India produces about 99 lakhs tons of wheat per annum and if the price could be increased say by only Rs. 30 per ton, the cultivator would benefit to the tune of Rs. 30 crores a year. This can easily be done by raising a barrier over the imports, and not allowing foreign wheat to enter the country. The Commerce Member to the Government of India has recently introduced a Bill in the Central Assembly to impose a duty of

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†The Government did not accept the latter portion of the recommendation of the Committee.

\*The average price of cane actually received by the grower per maund delivered at the factory on the basis of the returns received by the Director of Sugar Technology under the Sugar Production Rules 1935, was only 5/1.6 annas. (*Indian Trade Journal*, May, 1937.)

‡ According to the Memorandum issued by the Director of Imperial Institute of Sugar Technology, 11,687,150 tons of sugar cane (excluding Burma) were crushed in 1936-37, and the production of sugar was 1,111,350 tons.

Rs. 1-8-0 per Cwt. on wheat and wheat-flour imported into India. The object of the Bill as the *preamble* says, "is to enable the Indian wheat to compete with foreign produce in the principal port-towns of India, from which it is at present excluded". Good sense dawns on the Government of India always very late. Only when the wheat-grower has practically been driven out of the markets of his own country by the dumped-in cheap products from the outside world, the Government think of waking up to introduce a measure, "to come into force with effect from 12 noon today".

Ours essentially is an agricultural (crop-producing) country, and we rear all kinds of raw materials of industry mainly for export. There is not much of competition from other countries, either here, or in the world markets for our products, for the competition is largely centred round the manufactured or finished commodities: and again for some of the articles (raw materials) India has a virtual monopoly. Hence the raising of the level of prices is much easier here than anywhere else. The problem, however, depends for its solution on two factors: sound economic planning, and a right lead.

### Agriculture and Banking

Agriculture, we once again repeat has become a risky profession. The peasant has to block his capital, pledge his labour, and toil hard under unfavourable conditions. His crops often fail due to one reason or other, and again due to the dwindling prices, he has to sustain losses. Still sentiment, superstition, and age-long attachment to the soil compels him to continue his labours, irrespective of cost or consequence. He may be starving, his family may be starving; still he must perpetuate the memory of his ancestors by carrying out the duties demanded by the soil of his birth. At this stage it may be the moneylender who is before him to come to his aid. He fondly clutches at his help. He grabs the jingling coins that are offered. He hurries back to his domain, alas, not knowing that he is handling fire.



Now who is at fault ? Is he the innocent farmer or is he the *Mahajan*, who after a time demands the entire fruits of his labour in consideration of the help rendered before ? There is no denying the fact that the *Mahajan* gives him a timely succour. But would to Providence that the help thus rendered is of a less usurious nature !

Banking has made little headway in this country, and this is one of the chief causes why we are so backward in all other walks of life. Taking our own Province (U. P.) with a population of 48 millions, there are only 33 Registered Banks with 74 branches and 6 pay offices. And these are mostly *commercial Banks* and "do not undertake commitments on the security of immoveable property". The number of indigenous bankers (Shroffs) has been estimated at 250, and these people charge exorbitantly high rates of interest.

When the Reserve Bank scheme was first mooted, there was great enthusiasm everywhere. Co-operators were particularly pleased, and thought that the Bank would help the cultivators. Sir Danial Hamilton saw a silver-lining on the horizon: "A New India is now coming into view", he thundered, "for, following a sound Banking principle, the Government of India through the Reserve Bank can become the friend and father of the people, by creating and lending whatever credit is required to destroy the destroyer of the people: and neither deposits nor borrowings, nor land Mortgage Banks are required for India, for her assets are behind the issue — the Government of India through the Reserve Bank can manufacture and issue whatever amount of credit that may be required by India".

According to Section 54 of Reserve Bank of India Act there is a provision for the formation of an Agricultural Credit Department, the functions of which are detailed as :

1. To maintain an Expert staff to study all questions of agricultural credit and be available for consultation by the Governor General in Council, local

Governments, Provincial Co-operative Banks and other banking organizations.

2. To co-ordinate the operations of the Bank in connection with agricultural credit and its relations with the Provincial Co-operative Bank.

And according to Section 55 of the Act, the Bank is required "to make to the Government within 2 years a report with proposals for legislation on the improvement of machinery for dealing with agricultural finance and methods for effecting a closer connection between agricultural enterprise and operations of the Bank".

With such high hopes the Bank was ushered in "for the stabilization of agricultural finance and rural debt in India" but the whole country woke up one fine morning to find itself sadly disappointed. The lukewarm attitude of the Reserve Bank and the excessive caution it displayed came as a grievous shock to many.

The cultivators require both long and short term credits, the former especially the case with the peasants of limited means. But the Reserve Bank authorities made no provision for this in the constitution of the Bank. On the contrary, in a recent *communiqué*, they reiterated: "It (the Bank) cannot lock up its funds.....and we consider it safer not to deal with them at this stage of our development". Not only did the Reserve Bank not afford any *long* term credit facilities to the cultivators, but it warned the Co-operative Banks also "to confine themselves to *short* term credits only". On another occasion, the Bank appeared to laugh and trifle with the value of cheap "credits" to the cultivators, by exclaiming as though in a philosophical exuberance: "How deep rooted are the obstacles to improvement and how futile it is to expect that any simple panacea such as the flooding the country with cheap credit..." Not only did they not make any provision for long term credits or arrange credit facilities, but secretly began to draw out plans for tightening the hold and putting them

in an awkward squalor. The Bank authorities stressed the necessity of an immediate and intensive examination of the existing practice of loans, the securing of all ill-secured ones, the transference of long term debts to the special Land Mortgage Banks, scaling down existing debts, etc., etc. The worst feature of the whole affair was their blunt and brutal refusal to give or sanction any credit to the Co-operative Banks (who generally give direct and indirect aid to the cultivators). All it could give was a cheap and unsolicited advice that they, the (Co-operative Banks) should find their own way to build up their own finances. "The Bank (Reserve Bank) is a Banker's Bank and cannot lend to agriculturists direct or supply normal finance to any of the credit agencies. It cannot also play the same role as Government in the matter of Agricultural credit. Credit agencies must build up their own business on their own resources and cannot rely for day to day business on the Reserve Bank. It is no part of the functions of a Central Bank to provide directly day to day finance for Banks and other institutions".

"The report submitted by the Reserve Bank to the Government of India in connection with the provision of the Agricultural credit" very pertinently observed the President of the U. P. Chamber of Commerce, in addressing the Annual Session of the Chamber "is extremely disappointing". A perusal of the Report leaves an impression on one's mind that the Reserve Bank authorities have not fully realised their responsibility in the matter. They seem to hold the view that, in spite of the facilities which the Reserve Bank enjoys as the Central Bank of the country, the improvement of the machinery of Agricultural credit is somebody else's task...As the Central Bank of the country and as the Bankers' Bank, it is the paramount duty of the Reserve Bank of India to find out ways and means to assist agriculture by all possible means. To my mind, the real criterion of the success of the Reserve Bank of India would be whether it is in a position to solve the problem of agricultural indebtedness, which has been hanging like a mill-stone round the neck of a vast majority of the



population of this country. If the Bank fails in solving that problem, then it would be considered to have failed in spite of its success in other directions”.

“ The Reserve Bank can do practically nothing for the Co-operative Movement”, said Prof. Mukerjee exposing the capitalist tendency of this institution, “Caution, over caution too much of over caution might protect the assets or the dividends of capitalistic organisation like the Reserve Bank. The capitalistic outlook of the Reserve Bank is poles apart from the associated outlook of the Co-operative Movement. The Reserve Bank is playing for safety first, safety last and safety in between—the poor cultivator i.e. the real India finds that there is no place for them in the gilded parlours and the dazzling corridors of the Reserve Bank. What a cruel joke for a people who through years of weary waiting were taught to ask and pray for a Reserve Bank which would cure all their ills and remove all their grievances? The Reserve Bank has now practically washed its hand off the Co-operative Movement and has left it entirely to take care of itself ”.

The Reserve Bank, we find from a recent circular issued by Sir James Taylor, the Governor of the Bank, is going to encourage and legalise the tyranny of the moneylender, “ the evil genius of the cultivator, exploiting him when he is prosperous, and enslaving him when he is poor,” as Mr. Darling terms him, in the country by making it “a legitimate” affair and “by bringing within the Banking structure the village money-lender ” to quote his own words, thus entrusting the lamb to the care of the wolf. And his excuse for such a thing is “some intermediate link like the money-lender will be necessary to gauge the credit-worthiness of the agriculturists and make itself responsible for the adequacy of the security ”, and he pats on the back of the moneylender when he says: “ It seems to us that finance for the marketing of crops might be made available to the cultivators to a much larger extent than at present if the agency of the moneylender were more fully utilized”. May God save us from the moneylenders, from their legalized actions, from

the Reserve Bank and from its Rural Credit Department. Sir James appears to be far-sighted, and is definitely aiming at the very heart of the Co-operative Movement, and wants to destroy it root, branch and barrel. And with this object in view, he is going to let loose the fiend of the moneylending *Mahajan* and smoothen his trade. Mark well his peroration, when he threatened further mischief that he will "offer special inducements by way of rebates etc." to the money-lenders on the discounting of bills for facilitating their trade.

Are the leaders of the Co-operative Movement and others interested in the welfare of the teeming millions of this country, going to fall victims to the deep laid plans which the sagacious Governor is stealthily laying out? Will they shut their eyes and ears and fall into the ditches? There have been protests but they were all meek and timid. Co-operators rise to the occasion, and be saved, before it is too late!

### Examples from the West.

In this connection it is interesting to see how similar institutions in other countries are helping their agriculturists. The Commonwealth Bank of Australia has set a good example to others. The Rural Credit Department of the Bank is provided with funds to the extent of a maximum sum of £3 million by the Treasury at such rates of interest as may be agreed upon. In addition, the Department has an income of 25% of the net annual profits of the Note Issue Department, such to a maximum of £2 millions.\* The Bank may also issue debentures upto a certain amount. Over and above this, the Bank may make advances to the Rural Credit Department with the amount, so placed at the disposal of the Department: it is empowered to make advances to Banks and Co-operative organisations on the security of primary products placed under the local control of the Bank.

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\*The Reserve Bank of India made a profit of Rs. 28 lakhs in 1937-38, but it did not utilise a pie for improving or helping Rural Credit.

In Newzealand again, by a special enactment they have added a long term Mortgage Department to the New Zealand Bank. This Department has a share and Debenture capital. Loans are advanced for periods up to  $36\frac{1}{2}$  years on an amortisation basis. In Germany, though she is essentially an industrial country, to help the cultivators in their *long* term credit needs, there have been organised what are known as the *Landschaften*. They grant *long* term loans for permanent agricultural improvements on the security of the land itself. These have helped the agriculturists in very many other ways also. In England too the Agricultural Credit Act of 1928 authorises the establishment of a Mortgage Credit Corporation for supplying of the long term credit needs of the agriculturists. But this *long term credit* facility, as we have already said, was, and is being denied to the people of India though His Excellency the Viceroy compared the Indian Reserve Bank with that of the Bank of England. In his address to the Associated Chambers of Commerce, His Excellency said: "The Reserve Bank of India may come to occupy the position in the Economic Life of India what the Bank of England does in that of Great Britain and the Empire and the world generally". In Egypt too they have organised the Credit Agricole D'Egypte, under Government auspices, the Bank gives loans to cultivators on the security of their land or their crops, and the peculiar facility it affords is that the Bank maintains its own warehouses scattered over the countryside and those who want to borrow can deposit their things in the Bank. This works very successfully, and when comparing these institutions with the Agricultural Credit Department of the Reserve Bank of India, "it (the Reserve Bank of India) is purely and merely an advisory and consultative body and apparently is bankrupt with no funds at its disposal". To quote a writer: "It is difficult to make any definite conjecture as regards the amount of funds which would be actually employed by the Reserve Bank for the financing of agricultural operations. If a certain minimum amount had been placed at the disposal of the Agricultural Credit Department of the Reserve Bank on the lines of the Commonwealth Bank of Australia, much



of the uncertainties and speculations on this matter would have been set at rest. The Reserve Bank Act has not made adequate provisions for the credit requirements of the Agriculturists" and from the recent tendencies of the Bank, it is proof positive that the Bank is not going to "entangle" itself in such spheres that are likely to benefit the masses, the impoverished agriculturists of this country even to a small degree.

This is how a Co-operator laments: "India expected a bold and statesmanlike lead from the premier Banking institution in the country. What does she get in return? Plenty of advice. It has preached a homily—there is nothing in it that is new, and having preached it, it quietly runs away. The tepid and indifferent attitude of the Reserve Bank in this vital problem in our national economics reminds one of Nero fiddling when Rome was burning.

*Ex nihilo nihil fit.* The poor cultivator must now realise that out of nothing, nothing comes. Worn to the bone with economic anaemia, the cultivator had asked for bread. The Bank has given him a bag of stones and plenty of Banking advice. It can give him no help until he has so improved himself that he needed no help at all.

Cold comfort for co-operators in the face of the arctic blizzard that is blowing on it. Is not the Reserve Bank really living in a wind and water-tight compartment? Is it not living poles apart from Rural India? The Co-operative Movement gets more kicks than kisses. A great and glorious opportunity has been wrecked and lost through a total paralysis of statesmanship, a woeful lack of courage and a lamentable lack of vision! All India with one voice will deeply deplore it".

### Experiment in the States

Though in British India the Government is very slow and halting in adopting any beneficial measures, it is refreshing to find

some of the Indian States going ahead with their plans, particularly in the direction of affording the much needed *long term credit* facilities. The Government of Mysore sponsored a bold scheme for giving cheap credit to the Agriculturists of the State, and this through the Agency of a Central Co-operative Land Mortgage Bank and by its primary Land Mortgage Societies. The funds required for meeting the demands are raised by the issue of debentures which are guaranteed by the State. (Of course, in British India also there are a good many Land Mortgage Banks and they are working in their own way.) The Government have also agreed to take up debentures upto a limit of Rs 1,80,000 issued at  $3\frac{1}{2}\%$ . They have also given a cash credit of Rs. 50,000 at  $4\frac{1}{2}\%$ . The loans issued to the ryots are *long* term loans, spreading over a period of 25 to 30 years, repayable by instalments by equated repayment system. Minor difficulties in the matter of repayments were removed and provisions have been made for earlier discharges of debts if it suited the borrower.

The Government of Travancore has not lagged behind. Under the able guidance of Sir C. P. Ramaswamy Iyer, the Dewan, the State has recently evolved a plan for the establishment of a Land Mortgage and Industrial Bank for providing cheap credit to the agriculturists and cottage industrialists in their long term credit needs. The Bank will operate through a share capital, long term deposits, and debentures. The total share capital will be one crore of rupees of which 25 lacs will be called up at present. These will be divided into 25,000 shares, and the Travancore Government and the Agencies connected with the Government will subscribe about half of the called up capital.

"The purpose of the Bank" declares the Prospectus, is to provide long term loans at a reasonable rate of interest, to assist agriculturists and for the establishment and subsequent working of the industrial concerns. The scope of the Bank in connection with its main objects will include the loan of money for the redemption of prior loans granted at a high rate of interest against

mortgage of agricultural land. It is hoped by this means to rehabilitate a community which has found itself unable economically to carry on the work of agriculture. It is anticipated that the new Bank will greatly assist the extension in the State of home industries, working as it hopes to do in conjunction with organisations whose object is to stimulate the rural development of the State".

In a recent speech, the Dewan explained that "the provisions of the new Bank were entirely different from the provisions of Commercial Banks, and there would be no competition between the two. The new Bank is designed to provide a supplementary agency for filling up gaps in the credit structure. It will play an important part in the conciliation of agricultural debts for which purpose an elaborate machinery has been recently set up in Travancore".

### Co-operation in India.

Co-operation in India had a chequered growth. It was officially mooted\* and is being spoon-fed even today, according to a writer when it was too late, when the people were too much impoverished, and when all hopes of recovery had been lost. It was imposed from without, and did not grow from within, though from time immemorial there existed some form of indigenous co-operation in the country.

The Government of India in 1901 appointed a Committee to consider the question of the establishment of Agricultural Banks in India and the report of this Committee resulted in the passing of the Co-operative Credit Societies' Act of 1904. The Movement was thus launched in India on the 25th of March 1904 to be exact. The Act aimed at encouraging thrift, self-help and co-operation amongst agriculturists, artisans and persons of

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\*While the Bill embodying the Act was before the Imperial Legislature, Mr. Gokhale during the course of a speech observed that it had fallen to his lot probably for the first time to support the government in a measure like the one under discussion which if properly conducted would prove a boon for the millions of his fellow countrymen.



limited means, and societies that were to be started were intended to be "small, simple credit societies for small and simple folks, with simple needs and requiring small sums only". The Act introduced the principle of unlimited liability for rural societies following the Raiffeisen system in Germany, though it permitted urban Societies to choose the Schulze-Delitzsch model also. The local Governments were empowered to appoint special officers called Registrars of Co-operative Societies, whose duty it would be to register Societies formed under the Act, to get the accounts of such Societies audited by a member of their staff and in general to see that the societies worked well.

The Co-operative Societies Act of 1904 was found defective in certain respects and at a Conference of Registrars of Co-operative Societies, another Bill was drawn up, the Co-operative Societies Act of 1912. This Act remedied the defects of its predecessor, "authorized the registration of Societies for purposes other than credit, substituted a scientific classification based on the nature of the liability for the arbitrary one into rural and urban, and legalised the registration of Unions and Central Banks".

In 1914 the Government of India again reviewed the situation and recommended a change in the policy regarding the grant of loans to members, so that they might lend money for domestic purposes as well as for agricultural ones, in order that the members might confine their dealings with the Co-operative Societies only, and be weaned from the money-lenders. In 1914 the MacLagan Committee on Co-operation was appointed, and its report in 1915 led to the reorganization and overhauling of the whole administration of co-operation. The Government of India Act of 1919 made Co-operation a Provincial transferred subject and the local Governments were left free to sponsor measures according to their requirements. To remedy the defects, and for putting the Movement on a stronger basis, the Provincial Governments appointed Co-operative Enquiry Committees at different times. The Central Provinces had a Committee in 1922, Bihar and

Orissa in 1923. The United Provinces, Madras, and Burma followed suit and had Oakden Committee, Townsend Committee, and the Calvert Committee to enquire into the various aspects of Co-operation. These Committees carefully analysed the position in their respective Provinces and made various recommendations for the consolidation and rectification of the co-operative credit organization and the extension of the non-credit side of agricultural co-operation. The Royal Agricultural Commission, and the Banking Enquiry Committee also went deep into the problem, and made several recommendations.

In the first few years the progress of the Movement was slow but the growth was considerably accelerated from 1910. In that year there were only 5321 Societies with a membership of 3,05,058 but it rose to 105,292 Societies with a membership of 42,82,884 in 1935. The Movement has now a working capital of a little less than 98 crores, of which about 30 crores is the owned capital. It is also satisfactory to note that the Co-operative Movement has spread not only among the British Indian Provinces, but has made conspicuous headway in the Indian States as well.

We have now in all the major Provinces except the United Provinces *apex* banks successfully functioning. There are *apex* institutions in two of the Indian States also, Mysore and Hyderabad, though for other states there are institutions corresponding to the *apex* bank, or functioning as such. The Bank in Burma being in liquidation, there are at present 11 such institutions in all, out of which 9 are in British India and two in the Indian States. The constitutions of these institutions vary considerably; but the functions are more or less the same, namely the co-ordination of the work of the Central Banks and provincialization of their finances, etc.

These institutions depend for their working capital largely on the deposits from the affiliated Co-operative Societies as also from the public. The following statement will show the position and transactions of the *apex* Banks in 1935-36 : -

**Provincial Banks, 1935-36.**

<i>Working Capital :—</i>	In thousands of rupees.
Share Capital	76,50
Reserve and other funds	1,04,45
<i>Deposits and loans: —</i>	
From individuals	5,96,40
From Provincial & Central Banks	3,67,47
From Societies	98,51
From Government	19,62
Total.	<u>12,62,95</u>
<i>Loans made during the year to:—</i>	
Individuals	3,57,75
Banks and Societies	3,08,19
Total	<u>6,65,94</u>
<i>Loans due by:—</i>	
Individuals	25,95
Banks and Societies	5,19,06
Total.	<u><u>5,45,01</u></u>

"The wide-spread indebtedness of the rural population" observed the Simon Commission "is one of the most serious economic problems of India. Its solution is the aim of the Co-operative Department in the various Provinces. The economic value of such a movement in conditions such as we have described can hardly be over estimated. But its educative value, not only in thrift and foresight but above all, in the advantages of common endeavour on a basis that cuts across all social distinctions, must be almost as great. It is an education in affairs quite as valuable for the exercise of political rights as the education of schools."

"The progress of rural co-operation is intimately bound up with the prosperity of the agriculturists and unless their economic condition improves, the Movement cannot hope to make substantial headway. Any plan of economic reconstruction must necessarily include the improvement of the existing condition of the ryots and this can be accomplished only if *co-operation*, broad based on a sound basis of rural finance,



agricultural farming, co-operative production and marketing, is harnessed to the needs and requirements of the peasantry.....the principles of co-operative organisation alone can rehabilitate our agriculturists. In order that the Co-operative Movement can become a vital force in the life of the people it is necessary that certain defects which tend to undermine its foundations should be radically remedied by the joint efforts of the public and the government. Right type of Co-operative education, intensive propaganda along non-credit lines of development, and a cautious policy of the sound ordering of the finances of the Movement: all these have perforce to be vigorously taken on hand and worked out".\*

Although more than quarter of a century has lapsed since its inauguration, the progress of the Co-operative Movement in India has been very slow and rather unsatisfactory as we have already seen. It may be due to various reasons. Further, no appreciable progress in other directions than Co-operative credit has made any real headway. It is because in the beginning all efforts were concentrated (even now it is so to a great extent) on one side of the Movement only viz., credit. "One colour on the canvass" as a writer puts it "for along time made the picture dull and dim. The one-sided development of the Movement led to narrow foundations. Other kinds of co-operatives were sadly neglected at the beginning like agricultural sale, supply stores, cattle insurance, housing etc. What for instance, would a cultivator gain if his crops were doubled but he could not sell them at an advantage? What would be the gain if what he saved in interest, he lost in marketing? Village life is one whole, it is not an amalgam of loose units. Village life is one organic unity of which credit is only a part, no doubt an important part, yet nine-tenths of our Co-operative Movement began and ended with credit".

"Co-operation has been a failure in India" and many are prone to fulminate it in this way. From a thousand platforms this fact is being shouted. But few people have gone to the root of the

evil. The "failure" or to be more correct its defective growth, has been not with "Co-operation" itself, but it is with the co-operators, the people who run the show. True Co-operation has all evaporated, and only credit now remains, so much so, the Co-operative work has become merely a money-lending business. "The majority of the members" in reviewing the working of the Co-operative Societies in U. P. says an authority on the subject "take little interest in the working of the Societies. Their interest is chiefly limited in getting a loan. They exercise little control over the Committee or its Chairman. A discontented member is not quickly turned out, if he is a friend or a relative or a neighbour. Strict discretion and strong measures carry a certain amount of odium and unpopularity with it. This lack of discipline leads to overdues and the ultimate ruin of the society".

"Self-help the creed of Co-operation has in many cases meant "help yourself with other people's money". Mutual help has meant *benami* loans, cliques, intrigues, factions, favouritisms, selfishness, dishonesty: and inefficiency in management have led to unmeasured deterioration in a large number of societies. Men who have ruined societies were not illiterate people. They did not lack in education or co-operative knowledge. Illiterate men cannot manufacture bogus resolutions, and interpolations in account books. Loans in many cases were granted indefinitely to friends and relatives without any regard for their solvency. Misappropriation and embazzlements have been far too common."

In diagnosing the disease which has affected the corpus of the movement, it is thus clearly seen that it is not organic but only functional. If it were organic we have little hope of recovery but since it is only functional, there is hope of regenerating the movement by careful and judicious work. Ignorance and lack of assimilation of correct co-operative principles, combined with the callous indifference of members and gross mismanagement of societies, have imperceptibly tended to the deterioration of the movement... the entire

outlook of co-operators stands in need of a fresh and new orientation and fresh fields of activity have to be explored to gain the confidence of the villagers by creating a spirit of enterprise and co-operation.\*

### **Illiteracy, the chief obstacle.**

The chief reason why Co-operation has been a failure in India is illiteracy of the masses. By literacy we mean not merely the ability to read and write but "the ability to understand the proper value of life, especially the approach of the thrift of all the qualities that collectively go to make the preservation of waste whether in the field, or at home, and an abhorrence of debt for unproductive purposes". The Royal Agricultural Commission eulogised the importance of "Adult Education" in the following words:-

1. That the mental horizon of the cultivator will be widened;
2. That he will be more willing to adopt agricultural improvements;
3. That he will be capable of watching over his interests when buying and selling his produce;
4. That when he will realise in his own person the benefits of education, his apathy towards the education of his children will vanish;
5. That being thus convinced of the benefits of education, he may be expected to be willing to tax himself to secure them and thus the financial difficulty in the expansion of primary education will be removed;
6. That it will lead to the establishment of libraries and in this manner, the children taught in the schools will not relapse into illiteracy;

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\*Ibid.



7. That a development of adult education on a large scale would antedate by at least a generation (that great advance in literacy essential to progress in all directions.)

We can learn a good lesson from the Turkish experiment which has recently been inaugurated there for improving the life of her 90 lakhs of members of the peasant families, 67·7% of the whole population. It is a story of a notable experiment carried out with single minded devotion. The latest development has been the inauguration of short term courses (of six months or so) for adult farmers in all the phases of modern agriculture. They live as nearly as possible the life of the village communities. After the completion of this training, each peasant returns to his village and is required to start practical training of his neighbours—child and adult—he must start a model nursery, help to collect and arrange agricultural statistics and demonstrate in his own field the methods he has learnt. In 1937, five hundred young peasants were enrolled in these classes.\*

It was all a happy affair in days of yore when the village *Panchayat* managed and supervised all this. It controlled politics, education, and the social side of life. We are glad that now once again much enthusiasm is being evinced for the rehabilitation of village *Panchayats*, for raising the standard of life and living of the masses in the rural areas. What are known as "Better Living Societies", co-ordinating all factors like education, social, political and economic matters, are now in the course of formation in many parts of the country. This is a good beginning.

And it is a matter for congratulation that Co-operators were the Pioneers of the Rural Development Movement also in this country. Years back when few had given any serious thought to the subject, Co-operators entered the field and began their silent work. There was little of spectacular demonstration. The Government till recently had left the village affairs to take care

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\*Hindustan Standard.

of themselves. They were primarily concerned with the collection of taxes, and with the much talked of "administrative" work. It was considered too low for the big officials to proceed to the interiors and to inquire into the rural conditions. But for the past few months there is decidedly a change for the better. People now claim to have their own men at the helm of affairs, and rural matters promise to receive their due share of attention. There has been a wide awakening among the people, and the Movement also is gaining ground steadily.

"The bounds of orthodox Co-operation have of late been extensively enlarged. Credit is no longer looked upon as the be-all and end-all of Co-operative endeavour. Credit or Better Banking is only one of the four sides of the square, the other three being, Better Living, Better Farming and Better Marketing. There may still be some difference of opinion in strategic thought as to whether a Better Living Society should precede a Credit Society. Some difference again, if Better Living should merely find a place on the circumference or be the centre of the circle. All are, however, agreed that the problem will have to be tackled in all its phases if the agriculturist is to become a living, and efficient producer of the country's wealth. The creed of orthodox Co-operators like Buchey and Raiffesen, that unlimited liability is the one basis of agricultural credit, is no longer accepted as final. The need for substituting limited liability with suitable safeguards in order to attract the more respectable elements is receiving steady recognition. Debt legislation has contracted rural credit. The effect of relief measures in prospect may be anticipated and Co-operation will have to step in to fill the void. Rural Development is no longer the hobby of the few : it is attracting attention all round.

Progress in a mass movement like Co-operation is largely a question of man power ... the movement which aims at pooling the individual resources—both material and moral—for common good has to combat age long habits, beliefs and convictions. The process must, therefore be necessarily gradual.\*

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\* Registrar of Co-operative Societies U. P.—Annual Report.

## The Danish Example.

In this connection we can take a leaf or two from the example of Denmark, which country resembles to ours in many respects. A brief account of their history and progress of the Co-operative Movement there (as a matter of fact everything in Denmark is guided by Co-operative principles) will therefore be of interest to our enthusiasts. Half a century ago, Denmark had a peasantry which was in no respect different from the peasantry of any other country. The Danish agriculture was hard hit by foreign competition. She was, as she is even to this day, essentially an agricultural country, depending on the export of agricultural products, and when the price of wheat and other commodities fell they had to suffer much.

The Danish peasantry at the beginning of the 19th century, says the Historian, was an "underclass". In sullen resignation it spent its life in dependence on estate owners and government officials. It had no technical skill and was seldom able to rise above the level of a bare existence. But in the course of half a century this "underclass" has been changed into a well-to-do "middle class", which, politically and socially, now takes the lead among the Danish people.

The year 1882 marks the turning point in their history. The leaders put their heads together to find a way out of the impasse. Self-help was their motto. A few ordinary farmers in the little county village of Hjedding in West Jutland formed a Union and the rules thus framed by a young dairy-man and two other farmers, afterwards became the pattern for numerous Co-operative Societies. These rules embodied common risks for the members, combined with joint responsibility and equal voting rights for all, irrespective of the amount of capital held, and free admission to membership. These ideas spread over the country with the rapidity of a heath fire. Thus from such humble beginnings it had a steady growth.



And now, as *Denmark 1937*, an Official publication asserts "the Agricultural Co-operative Societies are of much greater significance economically ... it is scarcely too much to say that they form the basis of the present system of production of Danish agriculture ... The Co-operative System has steadily been developed, and now Danish farms from the largest to the smallest are organised in Co-operative Societies and establishments that stretch over sales and purchases, and so to say, every branch of production in agriculture itself".

Surveying the Co-operative activities with particular reference to Dairies ( and these are of great importance to them ) the same publication says:

The first Danish Co-operative Dairy was established in 1882. By the time 1890 had arrived, there were already about 700, and in 1935 the number was 1,404. Of 2,04,000 Danish farms, about 1,90,000 may be taken to be members of Co-operative Dairies. The membership is the highest among the small and medium sized farms.\*

More than 86% of the cows are entered in Co-operative Dairies, and a corresponding part of the milk and the butter output goes through them. In 1936 the total turnover was 570 million *Kroner*. The principal product of the Co-operative Dairies is butter, and about 90% of the butter exports comes from these dairies ... there are eleven Co-operative Butter Exporting Societies, comprising 667 dairies with a turnover in 1936, of 167 million *Kroner*.

In addition, the dairies have organised Local Dairy Societies under Provincial Societies which again are organised

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\*90 per cent of the farmers who account for most of the 1,466,000 rural population, out of the total 3,600,000 are members of the Co-operative Societies. All save 1,073 of the 203,971 farms in the land are of less than 300 acres and there remain only 306 estates of 600 acres or more, survivals of feudalism. The politically powerful *husmaend* ( bottom of the peasant class ) count 100,000 with holdings under 25 acres. Were it not for Co-operation, they would be unable to make a decent living on these tiny plots.

in a National body. These societies work in the interest of dairy farming, specially by means of holding Butter Sample Exhibitions, collecting information on the working economy in dairies and the butter prices obtained. Furthermore by means of the dairy societies, and special milk-judging societies, everything is done to provide the members with advice as to how the milk should be handled.

The Co-operative Dairies have made it possible for the small farmers to dispose of their comparatively small output of milk at the same price as that obtained by the large farms, and have enabled Danish farmers to produce a uniform commodity of high quality with much more stable marketing conditions than would have been obtainable with any other organisation of this branch of agricultural production.

Though butter and dairy products form the main line of business of Denmark there are many other directions in which they have made rapid progress, thanks once again to the working of the same magic wand of Co-operation. We shall just mention some of the more important Societies and describe their working:—

*Co-operative Bacon Factories:*—The first factory of this kind was established somewhere in 1887 and now there are some 60 such factories working with a total turnover of 440 million *Kroner* in 1936.

*Egg Exporting Associations:*—Some of the Co-operative Bacon Factories have taken up the sale of eggs as a part of their business but have organised it as a separate co-operative section with local egg collecting centres as a basis. There are now about 50,000 members. The total turnover of this Co-operative Society in 1936 was 23 million *kroner*.

*Cattle Exporting Societies:*—To a certain extent the exporting of cattle has also been organised on a co-operative basis.

In 1935 there were in all 12 Societies with 11,000 members, and the turnover in 1936 was about 11 million *kroner*.

The members of the co-operative societies not only have Unions for selling their goods but all their requirements, domestic or otherwise, are also obtained on the same lines. This has also proved a great success as the following facts will show:-

The purchasing of grain (feeding stuffs) and artificial manure is organised on a co-operative basis and 44% of the imports of feeding stuffs and 37% of the artificial manure imported go through Co-operative Societies.

In 1916 was organised a Co-operative Seed Growers Society, and it has now about 4,200 members and in 1936 the turnover was 7.0 million *kroner*. A large part of the sales of the seed is managed through the Co-operative Wholesale Society of Denmark.

In 1935 there were 1850 Co-operative Consumers' Societies with a membership of 3,58,000 and the turnover of their transactions amounted to 305 million *kroner*. Practically all these Societies are members of the two joint societies, the largest being the Joint Society of Denmark's Consumers Societies, Copenhagen, with a sales turnover of 193 million *kroner* in 1936.

And it is now universally admitted that the agricultural population of Denmark would not have gained so much consciousness and perfection in the management of their affairs, had it not been for the substantial contribution made by the People's High Schools that supplied them the leadership. The people would not have shown such adaptability, such great open mindedness, such corporate and harmonious life, had not the liberal education given them the practical culture which is so essential for bringing such a satisfactory state of affairs.

The two institutions that go hand in glove with Denmark's prosperity are (1) The Co-operative Movement, (2) The

People's High Schools. The former took root in 1880-81 in the badly hit dairy industry but without the People's High Schools, established by Bishop N.F.S. Gruntwig, it would never have attained such importance. A spiritual Pastor of Denmark, a Washington and Lincoln rolled into one, Bishop Gruntwig glorified the peasants, provided an adult training in which was established Danish culture, and the teacher rather than the printed page. The first school was established in 1851 and in a short time a great number of them came into existence. They are principally intended for the rural population from which they draw most of their students ... together with the agricultural schools, these institutions have been of great cultural importance to the young people of the country, and have contributed to their economic advancement through improved farming methods, dairy farming, hog production, and in particular the Co-operative Movement. About one-third of the agricultural young of the country have taken a course at the Folk High Schools and the Agricultural Schools during the past 30 years. In 1935 there were 59 Folk High Schools with 6800 students, of whom 3500 were men and 3300 women: of the 6800 High School-students 4900 were attending the ordinary High Schools, and 700 the advanced courses, 300 farming courses, 200 handicraft courses and 700 other courses\* ( like house-keeping, physical culture etc. )

Education in the agricultural schools gives a specialised training in several subjects. They have instituted, as we said earlier, several sections, of which the most important are, farming, veterinary, surgery, surveying, horticulture, forestry, dairying etc. Some previous practical training is all that is required for farming, horticulture, and dairying whereas for the other branches the "Studentereksamen" or Toerh examinations are necessary. The duration of the studies is normally  $2\frac{2}{3}$  years for farming,  $5\frac{1}{2}$  years for veterinary, surgery,  $4\frac{3}{4}$  for surveying,  $2\frac{1}{2}$  for horticulture,  $5\frac{2}{3}$  for forestry,  $2\frac{2}{3}$  for dairying.

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\*3,000 of the students at the High Schools belong to the agricultural section, and were supported by the Government whose expenditure was about 1.4 million kroner in 1934-35.



Another wholesome feature of Denmark, which we should note is that there are as many engaged in industry as there are in agriculture (roughly  $\frac{1}{2}$  each), and that their industries are all small scale ones. For this also, it was the type of education imparted to the children that was responsible. Their leaders realised the importance of awarding side by side agricultural education along with industrial education to the children even from their very infancy, and the "Education Act" made a clear provision "for the founding of industrial schools in conjunction with the other forms of education in order to develop the powers of children and train them according to their natural gifts". These industrial schools were to be connected with the common schools and to be founded as far as possible in all the towns of the country.

Now home industry is practised in all school rooms under the guidance of trained teachers of home industry. Not only is Joinery taught but also brush making, book-binding, turning, bag work, basket weaving, and shoe making. The same working methods and tools are used as in the case related to trades before machinery was adopted. Now as formerly special consideration is taken to keep intuition in view, but that home industry affords its performers useful and healthy diversion and that it contributes to arouse many of the virtues which are frequently missed in modern young people is also emphasised.

Home industry teaches the pupil to utilise the materials at hand to manage with very small number of tools and to make a many sided use of the few in hand. Home industry contributes to the training of the faculty of self-help to such a degree that the cultivator of home industry finds ways and means where the able workman without his special tools does not. There are about 500 Home Industry Associations throughout the country.\*

Essentially a nation of agriculturists, the farmers and small-scale industrialists manage all their affairs themselves without the

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\*For a detailed account of Danish Schools and their methods of teaching refer "*Village Education*" by the same Author.

help of middlemen, thus practically doing away with outsiders, instituting the principles of Co-operation in their instead. The farmer buys his requirements from a Co-operative Store, he borrows money from a Co-operative Banking Society, his electricity from a Power Company established on Co-operative basis, and when he wants to sell his produce, he sends his milk to the Co-operative Dairy, his pigs to the Co-operative Slaughter House, his eggs to the Danish Co-operative Egg Export, and his cattle to the Danish Co-operative Cattle Export Association. Expert knowledge regarding the breeding of live-stock and the up-to-date theories of agriculture are brought to him through the consultants and specialists appointed and kept by the Union of the farmers. And the most important thing we should note is that the various organizations there have developed quite independently of any help from the outside public, or even of the Government. "They have been carried along entirely by the farming population itself, and it would scarcely have been possible, had publication (public opinion) not reached such a high stage as it has, thanks to an old and well developed system of elementary schools and "Folk High Schools", which every year are attended by over 9,000 young men and women especially of the farming class".\*

"Despite their share of depression" says one of their admirers, "the melancholy Danes boasted a country without a multi-millionaire, an unpleasant problem of big privately owned Corporations, a class struggle, nay, without a dire state of poverty. Rock-bottom realists, they have distributed wealth more equitably than any other country in Europe, if not of the world, had effected a great re-settlement of the people in the land than anywhere else, had established the cursed farm tenantry, had developed further more a smooth running of democratic economic system in which the people performed for themselves almost all the functions which in other countries are performed for them by others. Unlike Socialism which it resembles in aim, the Denmark's system is, Mr. Howe points out, a logical working of democracy by grading old

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\*Denmark 1937.

economic values, characterised by a broad co-operative base and a continuous activity of the people. In it the nation becomes a 'Co-operative Commonwealth'.

### The Indian Cultivator.

India also is essentially an agricultural country, nay to an Indian farmer "Agriculture is not a business, but it is his whole life. Every phase of his life influences and is influenced by others, and it is only improvement at all points that can conduce to his ultimate well-being. His economic welfare is closely bound up with social and religious practices, and an organisation meant primarily for the improvement of his credit must therefore take cognisance, and be based on a clear conception of all factors governing his life. . . . on the economic side, the disabilities of the farmer are the minute, scattered and uneconomic nature of his holding; his primitive methods of cultivation, and poor out-turn of crops, the ruinous rate of interest which he has to pay for loans, and exactions and frauds committed at every stage so that he is deprived of even the small return for his labour which he might have otherwise obtained, his illiteracy, ignorance and lack of organization which make him an easy prey for exploitation all round, the strain on his resources owing to the frequent replacement of stock necessitated by high cattle mortality, absence of sanitation and medical relief and his own poor nutrition leading to waste of 'human material'".

Our cultivators mainly depend, nay, subsist on their "crops"; and if the crops fail they are handicapped. They have to borrow or go starving. In other countries like Denmark or Canada they have their cattle, poultry and a host of others that keep them going on. They are applying scientific measures for improving their agricultural production, but our cultivators! They are conservatives to the core, and continue to hug the good old theories, using antiquarian tools and implements. They are too poor, and too much impoverished to invest anything in their trade and improve matters. The progress made by the

American cultivators would simply bewilder us: Each farmer now works with the power of five men, the farm has become a factory — four-fifths of the work is done by the machinery, which explains how America produces one fifth of the wheat of the world, one half of the cotton, and three-fourths of the corn, although they are only 6% of the human race. The time needed to handle an acre of wheat has been reduced from 61 hours to 3 by the use of machinery, hay takes four in the place of 21, oats 7 instead of 66, potatoes 38 in the place of 109".\*

The poverty of the people can be removed only by increasing their income. For effecting this we will have to improve the existing methods of production and marketing. The farmer must be enabled to produce more with less expenditure. There should be an all-round orientation in our agricultural operation. We should have better manure, better seeds, better implements, and should have better cattle. Though for individual farmers, it may be difficult to have all this, if they are to join together, forming Co-operative Unions or Societies for managing their affairs as they do (and did) in Denmark, they can easily arrange for all this. The Union can profitably handle natural manures like cow-dung, village-waste etc., conserve and use them as manure at a later stage. The Union can purchase on a wholesale basis and at profitable rates, good chemical and artificial manures also for the use of its members. It can also stock and sell improved variety of seeds, suitable for local conditions for cash and more paying crops. The Society can take up the work of improving the breed of draught cattle by keeping its own stud bulls and its own Veterinary Department and dispense better treatment to their animals. It can also negotiate and arrange with the Government for the reservation of pasture lands and cultivate them in rotation, instead of the present wasteful practice of letting the animals graze in the whole area at once and always. With joint effort of the members, it can grow timber for fuel in order to prevent the waste of cow-dung being used for domestic

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\* Report of the Secretary for Agriculture U. S. A.



purposes. The Societies can take up the work of "consolidation of holdings". It can encourage joint cultivation by pooling the resources of several members and cultivating the land in common, and this will enable the use of costly machinery and the growing of expensive crops on a larger scale.

*Consolidation of Holdings* : We will explain some of these points in greater detail. Consolidation of holdings should form the first item in our programme. The present holdings of our cultivators are very small and they are barely sufficient for their needs. "The size of the holdings of an Indian cultivator is only 2.215 acres"; according to Sir T. W. Holderness: "subtracting the land utilised for supplying foreign markets from the total areas under cultivation, we shall find that what is left over does not represent more than two-thirds of an acre per head of the total population. India, therefore, feeds and to some extent clothes its population from what two-thirds of an acre can produce. There is probably no country in the world where the land is required to do so much".

According to *British India Agricultural Statistics 1934-5* the net area actually sown in British India was 237 million acres. And if we divide the total sown area by the total population of British India (which is now over 270 millions) we get hardly less than one acre of cultivated land per head of population. This is also one of the reasons why there is such a large number of "agricultural labourers" (landless peasantry) in India, and their number is rapidly increasing. In 1921 it was only 21,676,000, and in 1931 it rose to 31,480,000.

In Punjab over 40% of the holdings are of less than 5 acres while only 12% are over 20 acres. For Bombay the equivalent figures are 48%, and 12% and for United Provinces 52% and 7%. In the latter Provinces, the average area of land per worker is 2.5 acres while for Assam, Bengal, Bihar and Orissa, it is 3 acres. For India as a whole 76% of the holdings are under 10 acres of which 15.4 are of less than one acre. In England and in Germany

50% of the holdings are above 50 acres; the holdings between one and 5 acres are only 1.1% in England and 4.3% in Germany.

According to Herold Mann the sub-division of the land (and the resultant small size of the holdings) has increased rapidly during the British period. He proves with the aid of figures of villages he has surveyed, and asserts that the size of the average holding in the Bombay Presidency declined from 40 acres in 1771 to 7 acres in 1915. He says "It is evident that in the last 60 or 70 years the character of land holdings has altogether changed. In the pre-British days and the early days of British rule, the holdings were of a fair size most frequently more than 9 or 10 acres while individual holdings of less than 2 acres were hardly known. Now the number of holdings is more than doubled, and 81% of these holdings are under 10 acres in size while no less than 60% are less than 5 acres".

The sub-division and fragmentation entails greater expenditure in cultivation. The first thing to be done therefore "is bringing up of all the scattered parts that now lie diversified in so many non-descript bits which make economic working and supervision well-nigh impossible", and making them into compact blocks. This will save lot of pilfering by men and beasts, the encroachment by his inhospitable neighbours and the difficulties connected with watering. In Europe and in Japan, special laws have been enacted, giving power to a majority in the village who want to consolidate their land holdings to compel a minority. In India, however, the conditions differ so widely from other countries that legislation of this type would not be liked by the farmers themselves and might be misused against them. But in Punjab a good measure of success in this direction has been achieved, and this through the Co-operative Department, thanks to the indefatigable efforts of stalwarts like Brayne and Darling, the Pioneers of the Rural Development Movement in this country.\*

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\*The Co-operative Department of Punjab has been able to effect consolidation of 62,092 acres of land of 9,284 farmers in 101 villages during the course of one year. In some districts this voluntary scheme has become so popular that village after village is doing the work. We fail to see why other parts of the country cannot take up to this more vigorously

"The wealth of a people is neither a gift of the heaven nor a gift of nature. The people have to create wealth by organized labour. The more the output of work by a country the richer it is, and the higher the standard of living reached. Probably most of our countrymen have no idea that the total work output by the average Indian is 20 times less than that of the average American or European. In previous epochs of history all the work used to be done by human power or animal power. But at the present time most work is done by steam engines or electricity.... such resources though they exist in India have not been developed and profitably utilised. This is the root cause of poverty in India.

If we desire to fight successfully the source of poverty and want from which 90% of our countrymen are suffering, if we wish to remodel our Society, and renew the springs of our civilization and culture and lay the foundation of a strong and progressive national life, we must make the fullest use of the power which nature has given us. We must rebuild our economic system by utilising the resources of our land, harnessing the energy of our rivers, prospecting for the riches hidden under the bowels of the earth, reclaiming deserts and swamps, conquering the barriers of distance and above all we must mould anew the nature of man in both its individual and social aspects so that a richer, more harmonious and happier race may people this great and ancient land of ours".\*

The old order of things must give place to the new. The world is swiftly marching forward, and we alone cannot stand stagnant. We have already been left far behind. We have been clinging to the old and orthodox ways of life, ignoring the fundamentals of the "law of the survival of the fittest". Here is a warning, a timely warning, (though uttered quarter of a century ago) by one of our foremost thinkers, and it holds good even today: "Keep to your conservative methods, cling to your

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\*Prof. Meghanad Shah.

orthodox ways of work and your industries must perish. Such is the inexorable law of the survival of the fittest... If the rush of the steam engine and whiz of electricity combined with cheap and easy means of transport have succeeded in dumping your bazars with the cheap and attractive products of foreign makes, rise to the occasion and learn how to withstand this inroad with intelligent anticipation and skilful adaptation. Learn to face nature into corner, accost her, and bring on her movement secretly. Harness her powers, tackle her energies, and make her a handmaid of man. Work nature to the relief of man's estate. Any competition between skill, capital and organized enterprise on the one hand, and, ignorance, idleness, and poverty on the other, can only have one result. Learn to combine and co-operate. Learn the value of the time and the use of money and the chance of a fair fight will eventually require all your efforts.\*

"We must accost nature and make her the hand-maid of man". Nature must be harnessed by human intellect. Old and orthodox ways of doing things must be given up. We live in an age of science. Most people think that science has served humanity by producing electric light, motor cars, aeroplanes etc. That is only a partial view. In fact, few realise the outlook that science has produced during the last two hundred years.—Science has given us a new view of the universe.

The future of India depends on a courageous application of scientific knowledge. As man learns to apply the scientific method to the problems of everyday life, in that measure he will rise to and reach his allotted height. Let the dogs of conservatism, ignorance and fanaticism bark, but the glorious caravan of the Indian Nation will move on with irresistible force.†

We have, as we said earlier, been left far behind while others have gone forward. We stand where we stood, or have been driven back. We are a nation of agriculturists and we must give serious attention towards the improvement of agriculture.

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\*H. H. Gaekwar of Baroda.

† Sir C. V. Raman.



Mechanization and other aids from Science, wherever possible should be resorted to, for, verily the output of the lands can be, increased many-fold by "mechanisation." The use of modern tools and machinery has virtually revolutionized agricultural operations, as we saw in the case of America. Electricity has become popular and handy by reason of the versatility, convenience, cleanliness and economic operations. All kinds of agricultural machinery are now available in the market. There are machines for ploughing and seeding, for the pumping of water from tube wells, spraying of manure and for a host of other purposes. By the use of machinery and chemicals, it has now even become possible to save the standing crops from the scourge of pests, the curse of agriculturists.\* Clipping, shearing, milking, grooming, all are being accomplished by machines. Of course, there is a section, rather a very influential section in our country, which is against the application or adaptation of machinery, who speak of our ancient civilization and culture, and want us to go back "to those golden days of yore", but we must remember that this is the age of machine, the iron age, the era of rapid production and quick distribution, and if we should survive, we should adopt ourselves to the changed and changing circumstances.

*Irrigation and Water supply:* The next item in our programme after consolidation of holdings should be the supply and providing of abundance of water and improving the irrigation facilities. The existing arrangement is neither adequate nor systematic. In many parts of the country the cultivator ploughs the land, sows the seed, and looks up to the Heaven for Mercy, for the rains. The process is nothing short of gambling. Some means should be adopted for the proper distribution or direction of water according to the

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\*Principal Mahomed Afzal Husain in his address to the Entomological Section of the Science Congress said: There are no less than 2,500,000 species of insects and the loss caused by them annually comes to Rs 200 Crores. According to him one sect alone causes a loss of Rs. 1,50,000,000 to the hide industry and the sugar-cane pests cause a loss of Rs. 300,000,000. It is a truism that insects have been responsible for more destruction of property and loss of life, than caused by all wars, floods, earthquakes, fires and famines in human history, and the loss caused by them are on the increase.

Five crores of rupees is lost annually by epidemic cattle diseases in Punjab—F. L. Brydne.

needs of the soil, and the crop. No doubt in many parts of the country we get plenty of rain, but lot of water is wasted. Some means for draining the land should be devised if there be an excess of water and for preserving it for future use, in days of scarcity. Since no attention is being paid to this, instead of being an advantageous factor, this excess of water proves harmful to the crops. How good it would have been if this excess water that is now responsible for the destruction of the crops, is properly conserved and used ! Such a system of planned irrigation has worked wonders in Punjab, where as a consequence of this several thousands of acres of traditionally arid-land have been converted into fertile fields.

Lakhs and crores are being spent on the various irrigation projects but these have not yielded appreciable results. The Government in their Reports show huge figures of their *achievements* but in reality they have not even touched the fringe of the problem.

From the *Triennial Review of Irrigation in India (1933-36)* we read: "Crops well-worth over Rs. 100 crores were raised from areas receiving State irrigation during the year 1935-36.

From about  $10\frac{1}{2}$  million acres in 1878-79, the area annually irrigated by State works alone has now risen to about 31 million acres, nearly one-eighth of the total cultivated area in British India.

The total capital outlay, direct or indirect, on irrigation and navigation works amounted at the end of 1935-36 to over Rs. 153 crores, and the gross revenue for the year to about Rs. 14 crores and the working expenses to about Rs. 5 crores, thus yielding a net return on Capital of about 5·7%.

According to the Report, Punjab leads other Provinces : It has an irrigated area of 11,000,000 acres, Madras is second with 7,500,00, acres and Sind and U. P. follow with over 4,000,000

4,000,000 acres each, while Bihar and Orissa combined show 9,00,000.

Of the works of importance completed during the triennium by far the largest was the Lloyd (Sukkur Barrage) and Canals Construction Scheme. The triennium is also notable for the completion of the Cauvery (Mettur) Project. This was indeed a star achievement, for the Methur Dam is the largest of such works in the British Empire and is probably the second or third largest in the world\*.

Irrigation projects may not be feasible in all parts of the country. And instead of depending on the mercy of nature (rains), canal or river irrigation (which also is not possible in many places, particularly in the very interiors), we can have tube-wells. Much headway in this direction has been made in our own Provinces (U. P.) more than any where else. The Ganges Gird State Tube Well Scheme is virtually revolutionising our irrigation plans. There are over 1500 State Tube Wells in operation, commanding over 1,462,000 acres of land. They irrigate on the average 1,83,000 acres of sugar cane, 4,83,000 acres of wheat, 88,000 acres of cotton, and other *Kharif* crops annually. The water is sold by volume on a scale equivalent to 4,000 gallons per electric unit consumed in pumping. The charges are only 0-1-6 on the average per electric unit, for *Rabi* and 0 2-6 for *Kharif* crops. This figure, we are assured by the Chief Engineer can be brought still lower. It is up to the people to form themselves into Co-operative Irrigation Societies and contract to consume larger quantities of water. The co-operative principles can very easily be applied to this and worked with success.

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\*It was a surprise to find in the *Times (London) Engineering Supplement* a fantastic statement like the following:—"The acreage irrigated in India exceeds the combined total of that in the six countries which stand next to her in the list of the world's largest irrigated countries, and the greatest achievement of the Engineer in India is the irrigation and more than 30,000,000 acres, nearly one seventh of the whole area under crops in British India), two thirds of which is the work of the past 50 years. More than £ 110,000,000 have been spent on State Irrigation schemes and the annual value of crops derived from the irrigated lands is equal to two thirds of the capital expenditure". But a critical analysis of the achievements will show that hardly 10% of the agricultural land in India on the whole is watered by irrigation.

**Tools and Machinery:** Attention needs be given to the modernisation of the *cultivating process*. Right from the time of ploughing the fields, up to the storing of the crops, it is essential to eliminate waste by the prudent use of machinery, which modern science has placed at our command. The ploughs which our cultivators use at present simply glide over the surface. They cannot penetrate, plunge deep into the soil, and bring to the top the vital parts that are beneath the ground. The result is, the plants are unable to suck out the nutritious ingredients that are in the ground, and when they cannot thus be fed well, the crops are poor. There are available these days improved variety of tools and machinery, tractors and ploughs. It is true, individual farmers cannot go in for such costly machinery but if they join together and form Unions or Associations, they can purchase and own these in common. Chaff-cutters, cane-crushers, ploughs, thrashers and many other costly and useful machinery can be kept in common for the use of all.

**Manure:** Next comes the question of manure. Our lands, as we have already said, are losing, if not lost, all their productive capacity, and the only way to keep up the fertility of the soil is by a liberal use of good manure. Every time the crops are removed, the soil is deprived of its nitrogenous ingredients, and the soil fertility is not replenished: the result is, future crops are poor, and they continue to deteriorate. We have already shown by means of comparative figures how poor the yields of our lands are. We must replenish the soil fertility, and this can be achieved by a liberal supply of combined nitrogen, by the supply of good manures.

Nitrogen is the chief source of food for plants, which is taken away from the fields with every crop, and it must be replenished annually, if the fertility of the soil is to be maintained. The manure mostly consists of organic matters but "one of the greatest achievements of science in the 20th century has been to find means to convert the nitrogen of the air into the compounds which can be directly applied to the soil as fertilisers and be absorbed by the plants. Ammonium sulphate has by now



become well-known to our advanced agriculturists and is finding greater and greater application as a manure in the fields. For the manufacturing of this ammonia, we want nothing else but air, water and electric current." A recent writer Dr. V. S. Dubey, in an interesting contribution asserts that our import of ammonium every year is increasing, and in 1936-37 it was 60,000 tons costing about Rs. 60,00,000. All this is mostly imported, or is the monopoly of a few foreign trading agencies, working in this country. He suggests that the Government should instead of reducing the irrigation rates, try to increase the productivity of the land by giving the cultivators cheap and useful fertilizers, as they are giving water today. He analyses the problem in detail and asserts that the Government particularly when they have so much of excess amount of electric energy available from the girds (the U. P. Hydro-electric girds have got 18,000 K. W. capacity but hardly 5,000 K. W. are utilized) —and electricity is the chief item required for the production of Ammoniam in addition to water and air which are in plenty. They should turn their attention for the production of this useful manures and increase the productive capacity of the soil.

Again a good portion of the farm-yard manure is lost to agriculture through the people using cow-dung cakes for domestic fuel, while a large quantity of combined nitrogen is also exported to foreign countries in the form of oil-seeds, cakes, food-grain etc. The Royal Agricultural Commission suggested "that something can be done to promote the better preservation of such farm-yard manure, as it is not diverted to consumption as fuel by using it as a *compost* with village sweepings, leaves and other decomposed vegetable matter. The Indian cultivator has much to learn from the Chinese and the Japanese cultivators in regard to the manufacture of composts. Artificial fertilisers are used as little in China as they are in India but there is no organic refuse of any kind in that country which does not find its way back to the fields as a fertiliser. Not only is all human waste carefully collected and utilised but enormous quantities of composts are manufactured from the

waste of cattle, horses, swine, and poultry combined with herbage, straw and other similar waste, garbage and sewage are both used as manure".

The Forest Departments can also do a lot in this direction. They can encourage the villagers to start the planting of trees and grow leguminous crops to meet the needs of fuel, timber and green manure. If this could be done systematically there would be plenty of natural manure at our disposal for cultivation. And it is a good sign of the times that the Governments in some of the Provinces have taken up this in hand in earnest. The Government of Madras, to give a fillip to this, inaugurated a "Tree Planting Week" recently.

"Amongst the greatest needs of the rural population" says Mr. E. A. Smythies I.F.S. (U.P.) "is small timber for huts and cowsheds, for agricultural implements, carts and charpoys, fuel to replace cow-dung and fodder for cattle.....and a "successful plantation with suitable mixture of species will produce what has been described above as the "greatest needs of the rural population" i.e. timber for huts, carts, implements, green leaf fodder and fodder grasses, edible fruits (e.g. Jaman) oil seeds, e. g. (Neem) bamboos etc. The utilization of the produce automatically increases village employment and creates a demand for all this, (and it is a matter of congratulation that the Government of U.P. have recently appointed a Forest Officer on special duty to explore in close co-operation with the Rural Development Department the possibilities of creating village *taungya* plantation and of improving waste lands and grazing grounds.

Another Forest Officer (Mr. D.S. Kaikini of Bombay) asserts: "We of the Forest Department often visit such villages and are in a position to bring out real improvements—we can be useful to the ignorant humanity in the villages... the duties of the Forest Department are to tell the people the benefits of forests to the community and how they should be carefully looked after. In

addition there are such problems as the improvement of sanitary conditions, explaining the extent to which forest privileges can be exercised, the method of exercising them, collection and method of storing grass, best period of cutting grass for fodder preparation, of compost from waste material, necessity of having cattle-sheds separate from dwellings, protection of forests from fire, tree-planting where necessary, bee-keeping as an industry, road making in villages, necessity for pure drinking water, planting aloe for fencing instead of destroying young growth for stakes and scores of other minor items."

**Seed:** Then should come the question of seed. It is needless to emphasise that we should go in only for the very best variety. For years past, our cultivators have been using only that what the *bania* could give from the remainder of his stock. The result is the continuous deterioration of crops. We should encourage the people to use only first class seeds. Then only can the crops be improved. The cultivators should set aside immediately after the harvest a portion to be used as seeds for the next season. The Agricultural Departments of the various Provinces are doing something in this direction, but much remains yet to be done. What we would suggest is that the people should be encouraged to form into Co-operative Seed Societies or Associations and overcome this difficulty.

In this connection, mention may be made of the very useful work that is being done by the Imperial Council of Agricultural Research Institute. "The programme and Research" says the Annual Report of the Institute for the year ending 30th June 1937, "and experiment pursued at the Institute has had a strong economic bias and aimed at increased crop production. There are numerous methods of increasing the yield of crops which can be grouped under the following headings:—

1. Improving the soil conditions:
2. Increasing the food supply of the plant with suitable manuring :

3. The breeding of improved and higher yielding varieties :
4. The prevention and control of plant diseases and damage from insect attacks.

While substantial contributions have been recorded in other directions, the greatest achievement of the Institute lies in providing the Indian cultivator with improved races of crops evolved through the application of methods of selection and hybridization. These have been found to be much more successful than the introduction and acclimatization of exotics. The cultivator having seen that greatly improved varieties of crops are forthcoming has not failed to take advantage of the discoveries, and today they are being grown over millions of acres".

From the beginning, the Institute realised that the way of agricultural prosperity lay in mixed farming and that Indian agriculture would prosper or decline in proportion to its ability to evolve a system of balanced agriculture, under which land and cattle were able to maintain each other. The investigations at the Institute on soil fertility have shown that it is possible to have such a system. By feeding animals with the produce grown on the farm, fertilising the land with the dung and adopting a suitable rotation of crops, it is possible not only to improve the productive capacity of land and cattle self-sufficient. With little or no artificial fertilisers except phosphates, in addition to the dung produced by the cattle on the Pusa Farm, it was possible to increase in fifteen years the productivity of a block of 413 acres to a point sufficient to maintain 300 to 350 heads of cattle on the grain and fodder raised, not to speak of the wheat and sugar-cane crops, and the milk of the milch cattle obtained therefrom".

### Marketing.

*Marketing:*— Attention to cultivation (production) of bumper crops alone would not help the cultivator much. He should get



good prices for them, and this he can achieve only through proper marketing. The Agricultural Marketing Adviser to the Government of India recently conducted an elaborate Survey of the position of the wheat cultivation in India, which revealed several striking features, how due to defective ways of doing things, the cultivators are losing to the tune of several lakhs every year. Some points from his Report form an interesting reading:—

“A sum of Rs. 64½ crores can be taken as representing the total hypothetical value of the Indian wheat crop based on last year's production, and of the crops almost half is retained by the cultivator as grower's part, with large quantities in the way of barter and payment in kind for harvest, wages, rent and so on. Therefore it may be taken that the total value of crops as regards cash transaction, was just over 32 crores. But out of this, the grower gets about a half, since of each rupee paid by the consumer, the grower gets only 9½ annas, the rest being absorbed by middlemen and marketing charges. Before a seller of wheat reaches the market, he is more often than not accosted by touts though if he be a regular patron of the market, he is generally spared his attention. This is but the prelude to the onslaught of intermediaries. Having met the tout he meets the Commission Agent's clerk, the *tola* who dresses his wheat, the *Charawa* who fills the scale pan, the *Ota* who holds open the mouth of the bag—these and the commission agent's clerk, the chaukidar, the sweeper, the waterman, the commission agent's cook and a horde of beggars of every description, all regard themselves as entitled to a share of the produce. The story so far told is not the end of the journey. On his arrival, the grower has to pay in most cases a toll or terminal tax to the Municipality. In the market he meets various charges including *Dharmada* or *Dharmao* on account of charity. Apart from all the money that the cultivator loses by the host of leeches and charges that surround him he is also hampered by the lack of, or inadequacy of storage facilities. The loss under this head is nearly 2½ lakhs a year. Year by year as the harvest reaches its height, wheat prices fall

in an average by nearly 20%. The grower cannot hold back his supplies because he needs cash".

In another Report on the Marketing of Linseed, the same Official observes:—"Out of Rs. 5 crore, annual value of the crop, amounting to 16 or 17% of the whole world produce, the real producer gets nothing more than 10 annas in the rupee of what is paid by the exporters and Indian-millers, and only a little more than half of what is paid by buyers in the United Kingdom". He shows the various ways in which the return to linseed growers can be improved by reducing the cost of distribution from the field to the final buyer. He adverts to the numerous wasteful practices (e. g. of adulteration of linseed, and paying freight on dirt and unnecessary cleaning and re-cleaning) and to the excessive market charges, octroi and terminal taxes. "Interested parties have been quietly exploiting the cultivator" he concludes, "with the result that the poor cultivator must feel himself lucky at the end of the day if he is left with his carts and bullocks to take home".\*

The Survey is a veritable store-house of information, with several practical suggestions for improving the existing affairs, and these should open wide our eyes. Let us hope the Governments would put into execution the various constructive recommendations for improving the economic condition of our present cultivators. †

**"The key to the success of the problem (Marketing)**

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\*Similar surveys of other commodities are also to be made and several Marketing Officers with suitable staff have already been appointed in order to help the local Governments in adopting the marketing methods best suited to their respective environments.

† In 1934, the Provincial Economic Conference led to the initiation of the present Marketing Scheme under which the Government of India provided the Central Staff, now consisting of 20 officers, while the Imperial Council of Agricultural Research provided 10 lakhs of rupees, spread over a period of five years to meet part of the cost of Provincial Marketing Staff..... These grants were made in order that an All India Commodity survey might be carried out on a uniform basis.... Each Provincial Government has, from the outset, at its own cost provided a Provincial Marketing Officer to take charge of Provincial section of the work and several Governments provided additional marketing staff and more recently have taken over some of the experimental developments such as Grading Stations. Many of the States of which no less than 220 co-operated in this matter, provided their own Marketing Staff, both in Commodity Survey and in such practical matters as Marketing and Grading. The position today is that six Marketing Reports are complete, and further four are well advanced".—Lord Linlithgow, Opening the Conference of Ministers on Agricultural Marketing.

really lies in the organisation and mobilisation of co-operative effort." The Royal Agricultural Commission emphasised this point in the following words: "These Societies will educate the cultivator in the production and preparation for market of his produce, will provide a sufficient volume of produce to make efficient grading possible, and will bring the Indian producer into direct touch with the export market and with the large consumers in this country". The Central Banking Enquiry Committee also recommended "the need for some central agency to advise and assist in co-ordinating Provincial activities, particularly in the case of agricultural produce intended for export and to give assistance to Provincial organization by way of advice and research".

We have thus far recapitulated the various causes that contribute to tie down the cultivator to serfdom. Draughts hail-storms and other distressing factors are by no means uncommon. The result of a year's hard labour is often brought to naught by a single angry stroke of nature. After collecting the grains and handing the balance left over to the creditors, the poor man is compelled to work on daily wages, away from his native village, or sit idle at home and starve. Even otherwise (if he is too busy himself in his fields) he does not have adequate work for all the year round. It has been calculated that in the Punjab the peasants have work only for 150 days a year, in the Madras Presidency on one-crop lands about 5 months, and two crop lands 7 months, and in Bengal and United Provinces not more than 7 months in a year.

Generally speaking, a cultivator may be said to do normal work from the end of August to the middle of April, i.e. for nearly  $7\frac{1}{2}$  months every year. But even in this working period the month of February, when the crops are well grown, and require neither watering nor weeding, is a time of partial idleness, except in the sugarcane tracts. After the harvesting of the *rabi*, the real slack season begins i.e. from the middle of April to the middle of June. Inactivity is greatest in May and early June.



As a result of an intensive Survey in Unao District, it has been calculated that a peasant, with a holding of three or four acres remains idle for at least 190 days, when there is no work for him either at home or outside. For the Province, as a whole, we may estimate that the peasant is occupied, outside the more intensively cultivated areas for not more than 200 days. This agrees with Mr. Darling's estimate of 200 working days for the Punjab peasant. In those parts of the Province where there is a deficiency of irrigation, the cultivator must remain idle for yet longer periods which may extend to the whole of the agricultural season in years of deficient and irregular rainfall. Again, agricultural employment is, more continuous in the well-irrigated districts than in the canal irrigated lands or in the *turai*. Further, if a holding is very small (and the majority of holdings in the fertile and congested areas of the United Provinces are small, a cultivator's family is not fully employed, even in the busy season. In the slack season they can barely find employment in the field for one or two hours a day.† It was officially reported to Parliament that the cultivators in many Provinces of India are obliged by climatic conditions to remain idle for more than one third of the total working days of the year.\*

This is a very important problem and must be tackled judiciously. We should turn this enforced period of idleness into some useful avocation by introducing some vocational activity or other, which would enable the people to earn something and add to their meagre income.

"The economic and consequently the social condition of the Indian farmer cannot be improved unless he can utilise his leisure, and his women folk can utilise their spare time in adding to the family income" observed Mian Afzal Husain, Principal of the Punjab Agricultural College in his report on the "Economic and Social Problems in Indian Agriculture" which he submitted to the Permanent Agricultural Committee of the

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†Report of the United Provinces Banking Enquiry Committee.

\* India 1923-24.



International Labour Office recently. "It is evident" he said "that the standard of Indian agriculture is very low. The pressure of population on the land is very high, the Indian farm labourers are illiterate and are heavily in debt. In spite of the protection and relief measures employed by the Government, it is not possible for them to raise their standard of living". Mr. A. Husain declared that a well planned combination of agriculture and cottage industries provided the best solution to this problem.

There are many agricultural allied and subsidiary industries in addition to cottage or home industries which our farmers can take up in earnest and work out, while still engaged in their main profession, viz. Agriculture. Even to-day the number of people who follow subsidiary occupations is larger here than is commonly supposed. With these they fill up their spare time and supplement the inadequate income which they derive from agriculture.\*

Some cultivators work as labourers, others cut grass and fuel, others drive bullock-carts or ponies, and some others are petty traders; some make ropes, weave mats and baskets. Gur-making, cotton-ginning, spinning and weaving, and tobacco manufacture form important occupations, subsidiary to cultivation in areas which grow those crops. Hand spinning and weaving are common pursuits. Crude tanning and the making of shoes, leather straps and water bags are the secondary occupation of the Chamars; the potters make earthen vessels and the carpenters and smiths make and repair agricultural tools and implements. Fishing, together with boating, is the traditional occupation of certain riverain tribes. The dairy industry also plays a prominent part—the peasant's principal asset (next to his land) is his cattle; his bullocks plough his fields, his cows provide him with a valuable subsidiary income. No doubt to-day our animals yield only poor quantities of milk. They have been neglected and left uncared for, for years past. But that should not deter us from endeavouring to improve them.

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\*Ibid

The records of the Imperial Institute of Veterinary Research, Mukteswar, show that by careful breeding the yield of milk in animals experimented upon there did increase on an average from 8.15 to 14.6 lbs per cow, while the cost of production per lb. of milk was reduced approximately by 40%. The *Ongole* cows of Madras also showed excellent results. From 2500 lb. of milk in one lactation, it rose to 3378 lbs. in 39 *Ongoles*, twelve of whom gave over 4,000 lbs. "From my experience" observes William Smith, Dairy Expert to the Government of India "I would say that the average yield of Indian cows all over the country probably does not equal 1000 lbs per period of lactation. Assuming that there are 30 million adult cows in India and taking the yield of 500 lbs as the increased yield at 1 anna per lb., it means an increase of Rs. 185 crores"\*.

Poultry is another line which can be handled very successfully. It requires little capital, but will yield handsome profits.

Apiculture is another very paying subsidiary line which has a great future. It requires little outlay, no running expenses and day to day attention. According to a recent writer "for a country of the size and agricultural importance of India, it would be difficult to estimate in money the advantage which will be derived by an extension of bee-keeping in the rural areas... Apart from the fact that it can give employment to a few hundred thousand persons, it can provide wholesome and nourishing food of a high value. It appears that bee-keeping if taken up by the nation on a large enough scale would probably influence the agriculture and horticulture of the country also".

In the advanced countries of the West†, fruit growers arrange for bees to be kept in their orchards during the blooming season,

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\* Journal of Dairy Farming in India.

† In the United States of America over 5,00,000 people are keeping bees and earning their livelihood. The annual production has been estimated at 9,00,000 tons of the value of £ 20,00,000. There are four monthly Journals engaged in the development of this industry.

in order to secure the services of the insects for the pollinization of their plants.

In India bees are still "kept" (it is rather erroneous to use this term, as they are not "kept", but they make the place their habitation of their own accord) in the old fashioned way. The methods at present adopted for extracting honey, besides being cruel, involve the burning and destruction of the little creatures, and the process economically is very unsound. The honey got from these hives is not pure, and the quantity is also small compared to what can be obtained by modern scientific methods.

India is a land of fruits and flowers. Every variety of vegetable and fruit is available in plenty, and a good portion of it goes to waste as no attention is being paid for their preservation and marketing. At the same time we import a good deal of canned and tinned fruits from foreign countries. The imported canned fruit amounts to over 10 lakhs a year. Apart from this we import a lot of vegetables, fresh and dried, which in all amount to about 1 crore of rupees. With proper organisation we can supply the requirements with the products reared locally, and this huge amount can be distributed among the poverty-stricken people of the villages, thus finding work for several hundred thousands of our own people.

Sericulture is another excellent line that can be fostered in many places. The rearing of silk-worms is a handy side-work for the cultivators, not merely for the male members of the family but even women and children can carry this on, without any difficulty. This yields a valued cash-crop, five or six times in a year. Sheep rearing and wool weaving are important cottage industries of the hill districts, but as they are not being properly looked after, they are in a dying state. The weight of the wool generally got from the best hill-breeds in India is hardly 10 to 14 *chataks* per sheep—a very small yield when compared to the 40 and 50 *chataks* of an English sheep. The rams here are sheared thrice and ewes only twice. This is done with large

scissors and the wool is taken off in small pieces—a process very unpleasant to the animal. The Australian or South American methods should therefore be adopted. If scientific methods of sheep breeding and shearing are undertaken they are bound to improve both in quality and in quantity. There is a great future for this industry, and it is high time that educated people take up to this seriously, and reorganise it on quite a different footing.

There are many art and craft industries, that once had a prosperous time, but which unfortunately have disappeared partially or wholly after the advent of industrialism. To quote the words of Sir Bassil Blacket, a former Finance Member to the Government of India: "The reaction upon India of the Industrial Revolution in Great Britain and the consequent influx of machine made goods had during the nineteenth century seriously impaired the village economy of India and had reduced the output and the value to India of many of the indigenous manufactures previously exported, for which India was famous". Cheap machine-made goods dumped in by foreign manufacturers have killed many of our industries but they have not all yet been entirely ruined. Further more there are several art and craft industries that can be worked up only by cottage industry means. These even today provide a living for several hundreds of our villagers. But the people engaged in them suffer from various hardships, that require to be removed. To mention a few of the disabilities, with which they are confronted:-

1. Difficulty in securing raw materials advantageously.
2. Lack of system in distribution, of guidance in production and in the matter of quality, standard and design.
3. Lack of capital and credit facilities.
4. Lack of adequate marketing arrangements.



## In the wake of popular Ministries.

Since the advent of the Popular Ministries in the Provinces, efforts are being made to rehabilitate cottage industries. They have set aside handsome amounts for improving village conditions, for fostering cottage industries,\* and for finding employment to the people of the rural areas.

When the Governments in the Provinces that are under the control of the popular Ministries are earnestly endeavouring to work this out, the Government of India, is still in the good old bureaucratic ruts. Recently the Central Government, ostentatiously announced the grant of a paltry sum of Rs. 5 lakhs "for assisting the development of cottage industries". With equal gusto they announced the deputing of an Officer, rather placed a Civilian on special duty, proclaiming to the world the inauguration of a new era "of fostering cottage industries". What happened a couple of weeks later is notorious, and needs no comment. From a thousand platforms the Government's action was condemned. While everybody thought that the Officer was still busy in his tours, interviews and investigations, (very great publicity was being given of his interviews, discussions etc. in the beginning,) there was a sudden lull and this aroused suspicion in the minds of the people and the truth at last leaked out. It was found that the Officer deputed for "inaugurating a new regime" had been quietly called back, ordered to leave things where they were, and run up to his old post. This was a similar stunt of the Government of India, it was found, in the enactment of which they are past masters. When the Congress Leaders had inaugurated the Rural Reconstruction and Village Industries scheme, they also woke up suddenly, and began to evince great interest "for the toiling millions" of this country, and proclaimed their determination

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\*The Government of the United Provinces have recently floated a Company, called the United Provinces Industrial Financing Corporation, Ltd., with the object of financing smaller industries in the Provinces. The scheme has been so engrafted as to make it a private enterprise with the backing of the Provincial Government. The Capital of the Corporation will be Rs 50 lakhs divided into 5,00,000 shares of Rs. 10 each fully paid up. The Government will guarantee, a grant up to Rs. 60,000 annually to enable the Corporation to declare a dividend of 6%.

to start a Rural Development campaign. One crore of rupees was ear-marked and the Central Government offered grants to Provincial Governments for carrying on the "Development" work. In reality it was only a crooked move, as everybody knows—and as it was abundantly proved from the secret circulars and instructions sent out from Head-quarters (Delhi-Simla) and which evoked a good deal of criticism on the floor of the Legislative Assembly "for deliberately side-tracking the attention of the masses, for weaning them away from the influence of the Congress". But when it was found that such belated stunts had little chances of success, it was officially withdrawn, and the grants curtailed.

The Federation of Indian Chambers of Commerce & Industry, the premier body of commercial and industrial interests in India, in their Annual Session registering their vehement protest on this uncanny attitude of the Government passed the following resolutions :—

1. The Federation regrets the decision of the Government of India to suspend the departmental inquiry instituted by them with regard to the condition of small industries...*it is unfortunate the Government should abandon the inquiry so abruptly.*

2. "The Federation is further of the opinion that in view of the importance and value of a comprehensive Survey of the conditions of the small industries with particular reference to their financial resources, technical equipment, and cost of production, is as providing the necessary data for prompt and effective action for their sustenance in case of emergency in future, the Government of India should take steps for the resumption and completion of the inquiry at an early date.

"The Federation further urges upon the Government the necessity of having a permanent machinery that would keep a watch on the difficulties of the smaller industries from foreign competition and would recommend to Government immediate measures for their adequate protection."

But it was all a cry in wilderness.

While in the utilisation of the raw materials and their conversion into finished products lie the salvation of a country, the authorities in India "believe" and act just in the opposite way. The Finance Member to the Government of India, whose skin is thick and impenetrable, deceives himself deliberately, and attempts to deceive others likewise, by preaching a new type of "Free Trade" for India and propounding the gospel that "India's prosperity lies in increasing the export of her raw materials to foreign countries". "It is a matter of great regret" as the speaker in the Federation meeting asserted while moving the resolution "that the attitude of the Government of India towards the development of Indian Industries during the last two years indicates a *volte face* on their part. There are serious apprehensions in the minds of the industrial community and the general public that under the guidance of the present *Free-Trade-minded* Finance Member of the Government of India, who has yet to appreciate the real economic situation in this country, there is little possibility of any State assistance being given to the development of industries in any shape or form. Indeed one should feel thankful if *Protection* to existing industries would not be circumvented or checked in various ways, as is being done by the imposition of heavy excise duties e.g. on sugar and steel or prohibiting of export e. g. of sugar as was recently done, inspite of adverse vote of the Assembly and the expressed wishes of the industry against such a step. *The Honourable the Finance Member professes to believe that the prosperity of India does not lie in industrialisation... but our prosperity lies in increasing our exports of raw materials*".

### Conclusion.

Here is the peasant with a skeleton, lifeless body, more like a corpse than a living being, but full of latent energy that can be fused into power. Forget it, then you will see it desperately toiling on the rugged soil, bared to the skin, irrespective of the scorching sun, biting cold, and down-pour of



rain, just for the simple satisfaction of what an innocent and honest mind can think of to pay his wee-bit to his creditors. Forget it, then, you will see such powerful energy wasted away over unproductive lands, producing unsaleable crops, and revolving itself to the unending misery and starvation: to allow things to drift thus is to write ourselves down. Who can watch without a throb in their hearts the spectacle without feeling the sting of shame? It is for Co-operators, with laudable ideals before them, to take stock of the situation, to improve it, and to render a service to the land, and to justify their own existence by noble precept and wise example.

*Finis.*



# Progress of Co-operation in India.

## Appendix I

### Number of Societies for all-India showing the Progress since 1910.

	1910	1920	1930	1935
Central (including Provincial and Central Banks and Banking Unions). }	...	304	587	626
Supervising and guaranteeing Unions (including Re-insurance Societies). }	17	8	1,394	789
Agricultural (including Insurance Societies). }	1,713	25,873	83,093	93,160
Non-Agricultural (including other Insurance Societies). }	196	1,662	8,862	(a) 11,436
Total	1,926	28,477	93,936	106,011

(a) Includes 8 Insurance Societies.

## Appendix II

**Number of Members for all-India showing the Progress Since 1910.**

	1910	1920.	1930.	1935.
1. Central (including Provincial & Central Banks & Banking Unions.) }	1987	89,925	2,12,093	1,96,508
2. Agricultural including Cattle Insurance Societies. }	1,07,643	9,02,930	27,91,562	30,11,598
3. Non-agricultural (including other Insurance Societies). }	54,267	2,26,031	8,97,269	13,97,939
4. Total No. of Members of Primary Societies. }	1,61,910	1,128,961	36,88,841	44,09,637

## Insurance for Rural India.

The percentage of people insured in India is the lowest in the world. Insurance is still considered a luxury in this country. When it has made little headway even in urban parts, it is no wonder that Insurance is practically unknown in rural areas. Generally Companies running their business on Joint Stock lines, do not encourage small Policies. Their over-head charges are too heavy to reduce the premium rates which a villager can pay. Yet it is the villager who more than any one else stands in need of Insurance. The common risks against which he needs protection are fire, flood and hailstorm, epidemics of cattle, sickness and death. All these are assessable risks.

India is a land of villages—7 lakhs in number, all scattered and diversified, cut away from urban atmosphere. They have not been much influenced by such scientific “amenities” invented by man for safeguarding their common interest. The villager knows not that Insurance is the best shield for all calamities. Floods and hailstorms occur almost every year, and play havoc. Crops are destroyed, and cattle perish in hundreds. There is left neither seed nor manure for fresh cultivation. His income is uncertain. Even during days of good harvest, he does not save anything. He has no idea about thrift, and he is not saving anything for the rainy day. He goes and borrows, and borrows for any and every purpose, productive and unproductive. Money he wants for the education and marriage of his children. He again spends, rather wastes money on feasts and festivals—he has again to pay the Government's dues—rates, rent and taxes. Where is it all to come from? Instead of throwing him to the mercy of the money-lender, cannot *Co-operation* and *Insurance* play their role? There can be Insurance against every thing, and Co-operation for every purpose.

The position is getting worse every day, and has of late assumed threatening proportions. No scheme of Rural Reconstruction can succeed until and unless adequate attention has been paid to these factors. After all, what is Rural Reconstruction? Are they not the props of the same wheel? They must also therefore move along with others. Unfortunately in this country Raiffisen's ideas of proper development of

Co-operative Credit, which includes in conjunction with a Bank, Life and Old Age Pension Insurance institutions, have never been properly put into effect or understood".

In India again there exists no State or Social Insurance, though the need for such a thing is the greatest here. Mutual or Co-operative concerns with their tender resources cannot cater all the needs of the people though they are the best channels through which these questions can be tackled. It is here that the Government\* should step in. They should not hesitate to render their moral and material support. The occurrence of such calamities like flood hailstorm etc. affects the Government also, and it is all the more proper and judicious that they should give a helping hand. In the West such schemes have been tried and found successful.

"Self Help" is the creed of Co-operation, and "Thrift" the basic principle on which Insurance is built up. Even individual members and isolated Societies can do a lot in bringing about good results. "Every member of a Co-operative Society should know ( and ought to be told ) that to obtain cheap credit is not the sole object of Co-operation, and a Co-operative Society does not exist merely to enable its members to borrow. The habits of thrift and methodical saving must be inculcated among the members, and in a village where, generally there is no Bank or other saving Institution, the Co-operative Society is the only Agency which can successfully make the residents of the village realise the value of saving and thrift. If the villagers are educated in the benefits of life Insurance, and systematised saving to ensure the regular payment of their premiums, the Village Co-operative Society would render economic and social service of great value to the people".

[The total number of Indian life offices which are subject to the Indian Life Assurance Companies Act is 213 ; of them 178 are Proprietary and 35 Mutual. The number of Companies which are subject to the Indian Life Assurance Companies Act of 1912 and

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\* With a view to provide for the establishment and maintenance of a fund for giving relief, and act as insurance against famine and distress caused by serious drought, flood, earthquake, and other calamities, the Government of Bengal have sponsored ( it has now been passed into Law ) The Bengal Famine Insurance Bill. The Government contributes a sum of Rs. 10,00,000 for the initiation of the Fund in the current financial year, and which will be built up and maintained at Rs. 12,00,000, by annual contributions of Rs. 2,00,000.



the Indian Insurance Companies Act of 1928 is 379. Of these, 232 are constituted in India and the rest abroad.

The total new life assurance business ( excluding that on the dividing plan ) done by Indian companies in India during 1936 was 2,39,000 Policies, assuring Rs. 36,00,00,000 and having a premium income of Rs. 184,00,000 out of the total Indian new life assurance business of 273,000 policies, assuring Rs. 46,75,00,000 and yielding a premium income of Rs. 241,00,000.

The total life assurance business effected in India by Indian companies and remaining in force at the end of 1936 was 989,000 policies, assuring Rs. 168,00,00,000 and having a premium income of Rs. 7,87,50,000, the grand total including foreign companies being 1,261,000 policies, assuring Rs. 261,00,00,000, including reversionary bonus additions, and having a premium income of Rs. 13,00,00,000.

Most of the Indian companies carry on Life Insurance business only, while most of the non-Indian companies carry on insurance business other than life. Indian companies carrying on life assurance business only are 186 in number; 28 others combine life assurance with other insurance business; 19 carry on insurance business other than life.

The total net Indian premium income under insurance business other than life assurance in 1936, is Rs. 2,75,00,000. In this amount, the Indian companies' share was Rs. 74,00,090 and of non-Indian companies Rs. 2,00,00,000. The Indian companies received Rs. 36,00,000 from Fire Rs. 11,00,000 from Marine, and Rs. 27,00,000 from miscellaneous insurance business, while non-Indian companies received Rs. 101,00,000 from Fire. Rs. 41,00,000 from Marine, and Rs. 58,00,000 from miscellaneous insurance business.]

## Appendix III

### Number of Members by Provinces and States for 1910.

Province.	Population in millions	Central including Provincial & Central Banks & Banking Unions	Agricultural including Cattle Insurance Societies.	Non-Agricultural including other Insurance Societies.	Total No. of Societies.	No. of Societies per 1,00,000 inhabitants.
1. Madras.	48.6	33	11,625	1,435	13,419	27.6
2. Bombay.	23.0	16	4,731	907	5,770	25.1
3. Bengal	51.5	118	21,118	2,187	23,426	45.5
4. Bihar & Orissa.	39.3	67	8,466	317	8,882	22.6
5. United Provinces	49.7	71	6,253	369	6,696	13.5
6. Punjab	24.8	119	18,215	3,549	21,883	88.2
7. Burmah.	13.8	12	1,708	163	2,139	15.5
8. C. P. & Berar.	16.2	36	3,583	110	3,735	23.1
9. Assam.	9.1	21	1,275	108	1,404	15.4
10. N. W. F. Provinces.	2.5	3	487	39	529	21.2
11. Coorg.	0.2	1	212	30	256	128.0
12. Ajmer Merwara	0.6	7	605	119	733	122.2
13. Hyderabad } Administered areas. }	0.2	...	...	25	26	13.0
14. Delhi	0.7	1	215	70	286	40.9
<b>Total British India</b>	<b>280.2</b>	<b>505</b>	<b>78,493</b>	<b>9,428</b>	<b>89,184</b>	<b>31.8</b>
1. Mysore	6.8	12	1,546	440	1,998	29.4
2. Baroda	2.6	8	895	200	1,104	42.5
3. Hyderabad	15.3	40	2,335	433	2,809	18.4
4. Bhopal	0.7	22	921	22	965	137.9
5. Gwalior	3.7	18	4,241	42	4,301	116.2
6. Indore	1.4	5	651	63	719	51.4
7. Kashmir	3.8	14	2,578	357	2,949	77.6
8. Travancore	5.6	1	1,371	341	1,742	31.1
Cochin	1.3	1	129	110	240	18.5
<b>Total (Indian States)</b>	<b>41.2</b>	<b>121</b>	<b>14,667</b>	<b>2,008</b>	<b>16,827</b>	<b>40.8</b>

# APPENDIX IV.

## Number of Members by Provinces and States in 1934-35 only.

Name.	Population.	Central including Provincial and Central Banks and Banking Unions.	Agricultural includ- ing Cattle Insurance Societies.	Non-agricultural in- cluding other Insu- rance Societies.	Total number of members of Primary Societies.	No. of members of Primary Societies per 1000 inhabitants.
1. Madras	48.6	16,374	5,84,201	2,91,700	8,75,901	18.0
2. Bombay	23.0	15,814	3,01,343	3,15,282	8,16,625	26.8
3. Bengal	51.5	25,253	5,12,983	2,70,715	7,83,698	15.2
4. Bihar & Orissa	39.3	11,221	2,30,734	31,564	2,62,298	6.7
5. U. P.	47.7	10,962	1,36,997	40,548	1,77,549	3.6
6. Punjab	24.8	36,305	6,04,279	1,31,608	7,35,887	29.7
7. Burma	13.8	1,553	37,024	35,192	72,216	5.2
8. C. P. & Berar	16.2	46,002	51,475	20,478	71,953	4.4
9. Assam	9.1	2,025	48,982	15,203	64,185	7.1
10 N. W. F. P.	2.5	453	16,742	2,464	19,206	7.7
11. Coorg	0.2	377	12,231	3,928	16,159	80.8
12. Ajmer, Merwara	0.6	1,670	13,675	7,055	20,730	34.6
13. Hyderabad Administered areas	0.2	...	...	10,045	10,045	50.2
14. Delhi	0.7	485	5,513	5,657	11,170	16.0
Total British India	280.2	168,494	25,56,179	11,81,439	37,37,618	13.3
Mysore	6.8	2,827	66,188	75,883	1,42,071	20.9
Baroda	2.6	2,097	28,933	17,986	46,419	18.0
Hyderabad	15.3	4,972	46,252	23,216	69,468	4.5
Bhopal	0.7	2,219	17,551	548	18,099	25.9
Gwalior	3.7	6,714	74,544	665	75,209	20.3
Indore	1.4	2,034	11,803	9,839	21,642	15.5
Kashmir	3.8	3,445	46,366	6,384	52,750	13.9
Travancore	5.6	3,555	1,53,251	67,810	2,21,061	39.5
Cochin	1.3	151	10,631	14,169	24,800	19.1
Total States	41.2	28,014	4,55,519	2,16,500	6,72,019	16.3

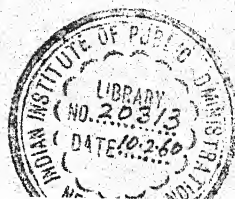
Including Sind.

## APPENDIX V.

### World Figures on Co-operation.

Name.	Total population in Million	Total No. of Societies.	Total population per Society	Total member- ship in Co-opera- tive Societies.	Total population per million.
India	352	1,06,050	3,319	42,94,339	8.2
China	452	2,515	1,79,721	79,114	5.72
Japan	64	15,079	4,266	47,00,208	5.4
Great Britain	46	4,084	11,500	83,67,730	6.5
Germany	62	52,030	1,192	95,13,719	6.5
France	41	35,364	1,171	53,68,929	7.5
Denmark	3.5	6,988	500	9,56,989	4
Australia	5	1,88	5,000	3,27,122	17
Canada	10	1,512	6,666	5,25,265	2
U. S. A.	122	31,078	3,936	1,64,11,181	8

International Statistics of Co-operative Societies  
I. L. O. Year Book 1934 pp.—13.







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